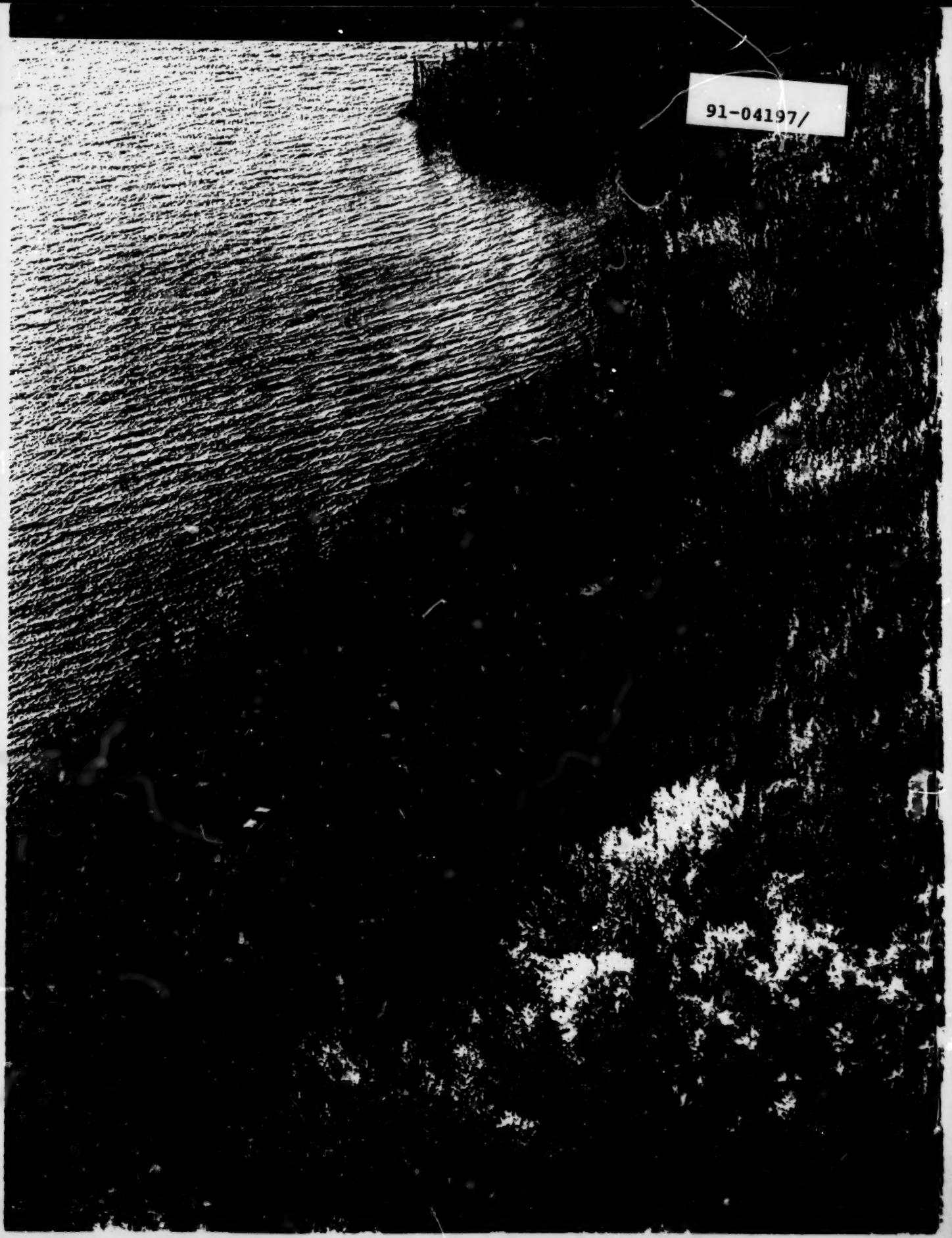
ANNUAL REPORT

Cameco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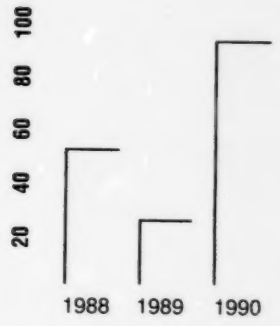
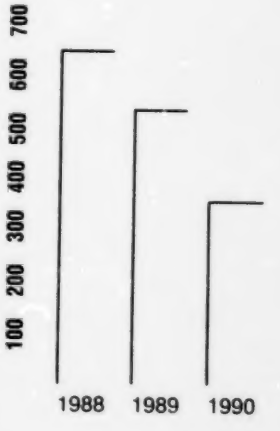
Highlights

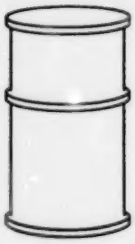
Net Earnings
($ millions)



Long-Term Debt
at Year End ($ millions)

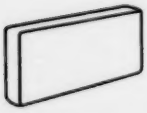


Cameco Operations and Reserves[1]

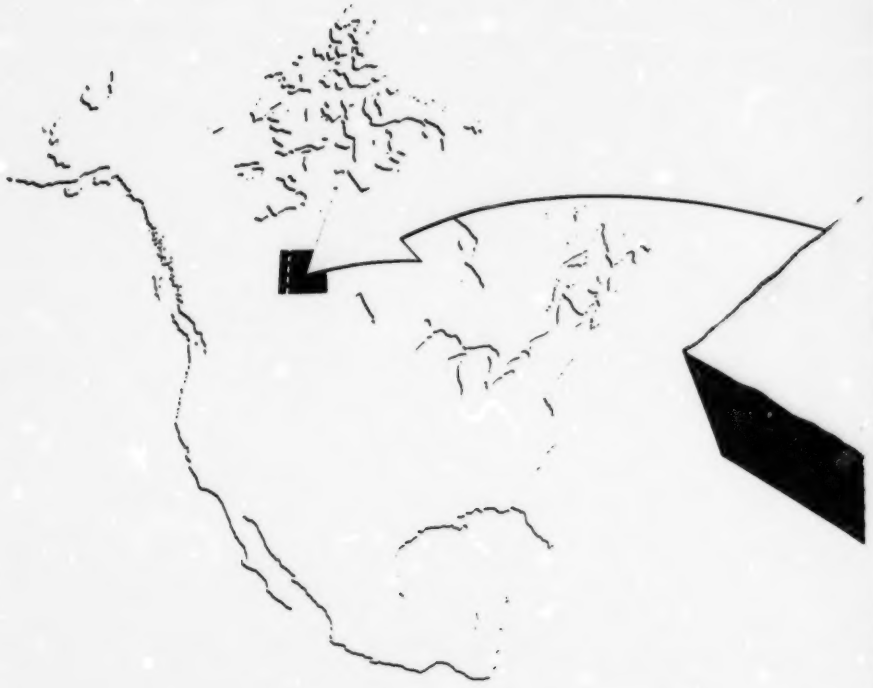


URANIUM

GOLD



COPPER/ZINC



Cameco's Share

Annual Production Capacity

16.8 million lbs U_3O_8

Mineable Reserves

155 million lbs U_3O_8

180,400 oz Au

100,000 T (90 000 t) Cu

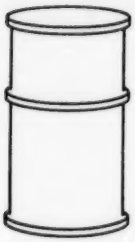
500,000 T (450 000 t) Zn

Geological Reserves

325 million lbs U_3O_8

140,000 oz Au

Cameco Operations and Reserves[1]



URANIUM

GOLD

COPPER/ZINC

Mineable Reserves[2]

Operating Mines

Key Lake Operation[3]
(66.67%)
Annual Production Capacity
12 million lbs U_3O_8
Deilmann & Stockpile
110 million lbs U_3O_8
@1.75% U_3O_8

Rabbit Lake Operation[3]
(66.67%)
Annual Production Capacity
12 million lbs U_3O_8
Collins Bay B-Zone
18 million lbs U_3O_8
@0.69% U_3O_8

Cluff Lake[4]
(20%)
Annual Production Capacity
4 million lbs U_3O_8
Dominique-Peter & Dominique Janine (DJ)
22 million lbs U_3O_8
@0.89% U_3O_8

Mines Under Development and Pre-Development

Eagle Point
70 million lbs U_3O_8
@0.94% U_3O_8

Collins Bay A-, D-Zone
23 million lbs U_3O_8
@4.07% U_3O_8

DJ, South DJ & N
21 million lbs U_3O_8
@0.68% U_3O_8

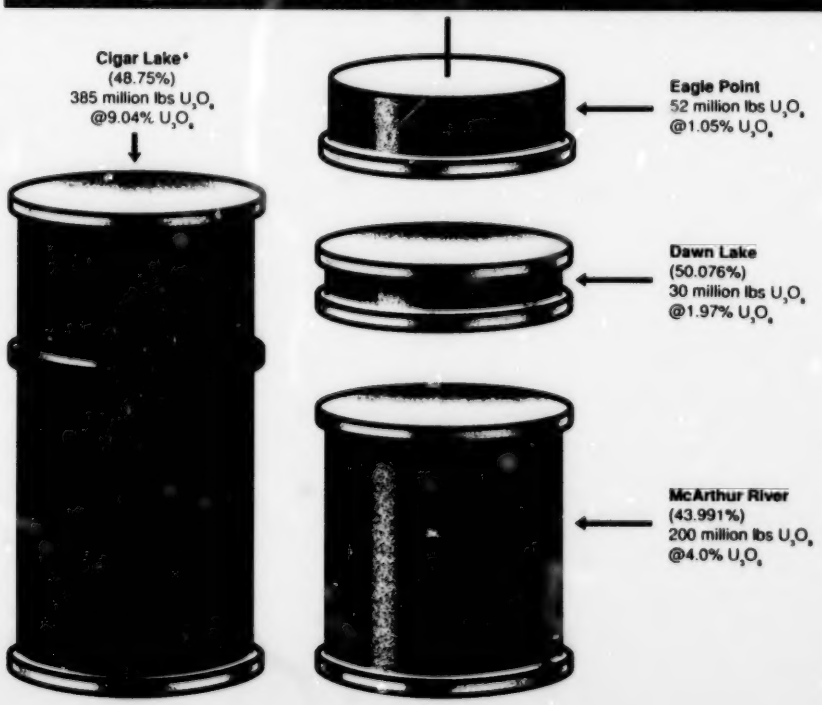
Geological Reserves[2]

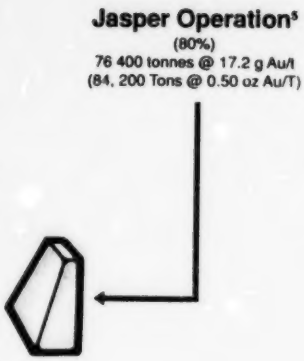
Cigar Lake[4]
(48.75%)
385 million lbs U_3O_8
@9.04% U_3O_8

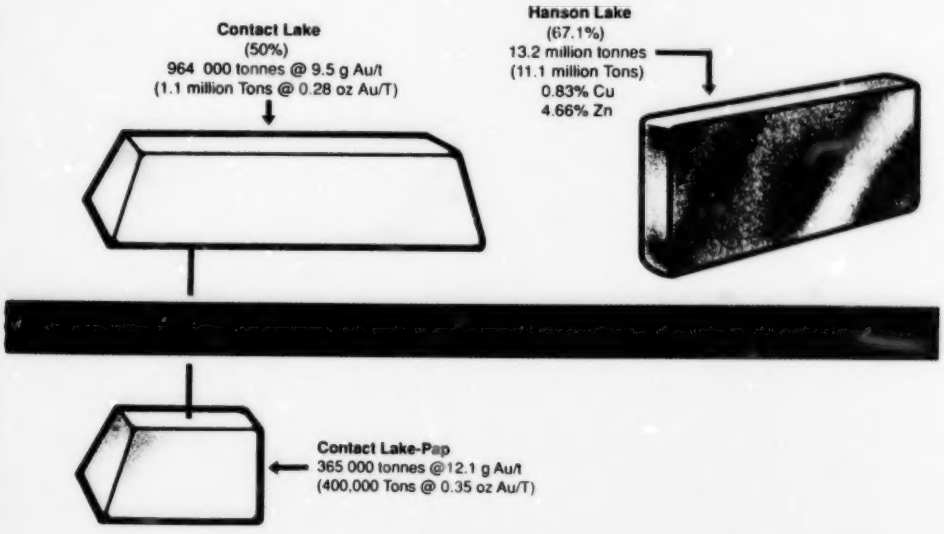
Eagle Point
52 million lbs U_3O_8
@1.05% U_3O_8

Dawn Lake
(50.076%)
30 million lbs U_3O_8
@1.97% U_3O_8

McArthur River
(43.991%)
200 million lbs U_3O_8
@4.0% U_3O_8







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Geological Reserves

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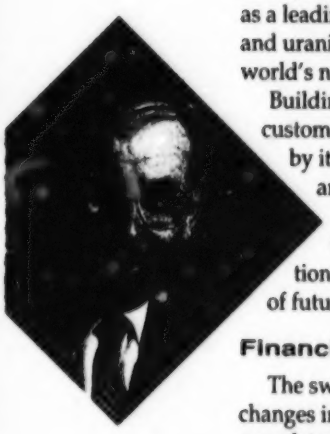
140,000 oz Au

Notes:

1. As of December 31, 1990. Percentages are Cameco's ownership level. Projects are operated by Cameco unless otherwise noted.
2. See Reserve Definitions, page 48.
3. Partner is Uranerz Exploration and Mining Limited (33.33%).
4. Operated by Amok Ltd. (80%).
5. Partner is Shore Gold Fund Inc. (20%). Production began April 1990.
6. Operated by Cigar Lake Mining Corporation.

Chairman's Message



William A. Gatenby
Chairman and Chief Executive Officer

After two years of determined effort, Cameco has established itself as a leading supplier of uranium and uranium fuel services to the world's nuclear power industry.

Building on the excellent customer relations established by its predecessor companies and on its own track record since the 1988 merger, Cameco is well positioned to take full advantage of future growth opportunities.

Financial Highlights

The sweeping reorganizational changes initiated early in 1989 and completed in 1990 enabled the Corporation to effectively control costs and to further improve operational efficiencies. The financial benefits of these actions began to be realized in 1990 and will continue into the future.

In a year in which uranium spot prices dipped to a record historic low in current dollars of $8.35 (US) per pound U_3O_8 Cameco nevertheless recorded a number of important financial achievements.

Our bottom line at year end showed a 45% increase in net earnings to $34.1 million before the gain on sale of assets—or a four-fold increase to $91.6 million taking into account the $160-million sale of a one-third interest in the Rabbit Lake Operation's assets to Uranerz Exploration and Mining Limited. The results compare to net earnings of $23.5 million recorded in 1989.

The proceeds of the sale of the Rabbit Lake interest, together with the cash flow generated by operations, enabled Cameco to reduce its long-term debt to $348 million, which is approximately half the debt level which existed when the Corporation was formed two years ago. This brings Cameco's debt/equity ratio to .37:1 at year end.

The Province of Saskatchewan and the Government of Canada have selected Cameco for privatization by the passing of the Eldorado Nuclear Limited Reorganization and Divestiture Act and the Saskatchewan Mining Development Corporation Reorganization Act. The two shareholders have committed to divest all of their holdings in Cameco by 1995, subject to market conditions. Management continues to strive to position the Corporation for a successful equity issue.

Recognizing the considerable benefits that accrue to Cameco and its employees from employee ownership participation, we were most pleased to announce in September 1990 the establishment of the Cameco Share Savings Plan.

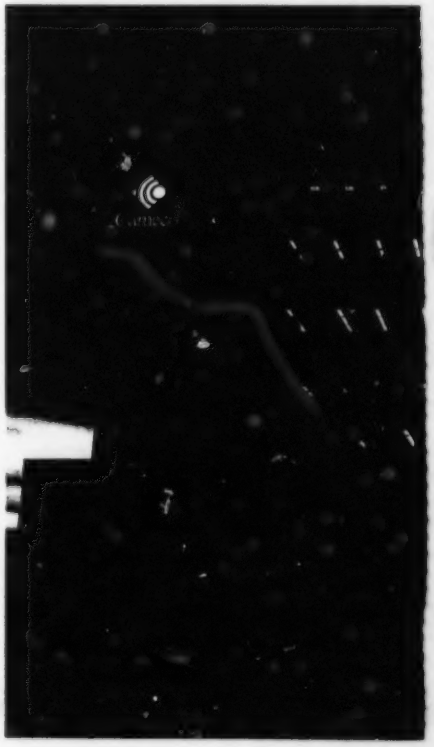
The plan offered employees the option of buying Cameco savings bonds which, if the Corporation proceeds with a public offering in the future, will be convertible to shares. Cameco provided financing to employees for the purchase of the bonds and has committed to partially match employee repayments over the 10-year term of the bonds.

Management's excitement about the plan is clearly shared by the majority of our 1,200 employees, of which 73% have elected to participate.

World Nuclear Power Program

The International Atomic Energy Agency (IAEA) estimates that from now into the next century worldwide consumption of energy should increase at an annual rate of 1.4 % with electricity consumption growing at a rate of 3.2%. Further, the agency estimates annual growth for nuclear energy will be 2.8%. At the beginning of 1990, 426 commercial nuclear reactors with an installed capacity of 277.3 GWe supplied about 17% of the world's electricity. In the past decade nuclear electricity generating capacity has increased 245%. With society's increased awareness of the long-term danger posed by acid rain and the greenhouse effect, an important role for nuclear power is assured. Unlike fossil fuels, uranium does not contribute to the problems of acid rain or greenhouse gases, such as sulphur dioxide and

▼ Construction of Cameco's new Corporate Office was completed in 1990, adding a six-storey tower extension to the existing two-storey structure. The move brought approximately 200 Saskatoon personnel together under one roof after two years of occupying space in three separate buildings.



carbon dioxide. Uranium is the green fuel which provides a safe, efficient and economic method of generating base-load electricity.

Uranium Market

The uranium market today is heavily influenced by increased exports from the USSR, Eastern Europe and China, a situation which is expected to persist throughout the decade. Nevertheless Cameco, with its large, high-grade uranium reserves equivalent to 30 years at current levels of annual sales, is ideally positioned to take advantage of the long-term demand for uranium and fuel services that will result from the Western World's expanding nuclear generation program. In 1990 Western World demand was 120 million pounds U_3O_8.

Environmental Activities

During 1990 an Environmental Advisory Committee of the Board was created to monitor the implementation of the Corporation's environmental protection program. This includes an ongoing, corporate-wide environmental audit program, and an employee environmental awareness program, together with the appointment of a Director of Environment and Safety who reports to the President. This Director has full authority to ensure that environmental considerations have priority in the operations of the Corporation.

Communications Expands

Working within a complex industry under intense scrutiny Cameco must play a more active communications role to encourage rational dialogue about uranium and nuclear energy. With the full support and encouragement of the Board of Directors, Cameco expanded its public information program and community relations involvement in 1990 to increase awareness and understanding of the Corporation and our activities.

A highlight of these 1990 initiatives was the establishment of a Community Liaison Committee, a committee of northern community leaders and senior Cameco representatives who meet regularly in northern Saskatchewan. Matters of common interest are discussed, in particular those which relate to the environment, employment, training and northern business opportunities.

Appointments and Resignations

In May J. F. (Jack) Fraser resigned from Cameco's Board of Directors. Mr. Fraser provided knowledgeable direction to the Corporation since shortly after the merger. Following this resignation William James was appointed to the Board of Directors. It is with regret that Cameco accepted his resignation in December to become President and Chief Executive Officer of Denison Mines Limited. Mr. James's guidance and counsel will be greatly missed.

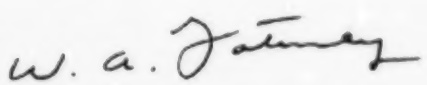
In September we were pleased to welcome Mervyn Lahn and Bernard Michel to the Board of Directors. Mr. Lahn's distinguished career with The Canada Trust Company since 1955 brings valuable business experience to the Corporation.

Prior to Mr. Michel's appointment, he was Cameco's Executive Vice-President and Chief Operating Officer. In addition, in October, Mr. Michel was promoted to President of the Corporation.

In December E. Robert Stromberg stepped down as Corporate Secretary and was replaced by Gary Chad, who also serves as General Counsel.

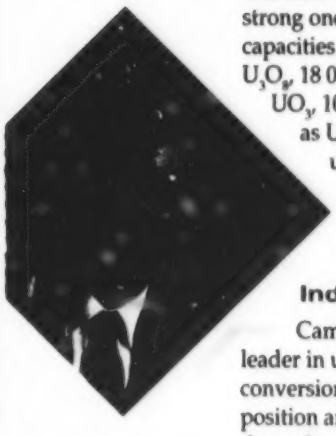
In Memorium

The Board of Directors mourns the loss of Mary-Jean Mitchell Green who died May 11, 1990. In memory of Mrs. Mitchell Green, who resigned from the Board in 1989 due to illness, Cameco has established the Chairman's Mary-Jean Mitchell Green Safety Award to be awarded annually to a Cameco site displaying an exemplary safety record.



W. A. Gatenby

President's Report



Bernard M. Michel
President and Chief Operating Officer

Cameco's position in the uranium industry is undeniably a strong one. With annual production capacities of 17 million pounds U_3O_8, 18 000 tonnes of uranium as UO_3, 10 500 tonnes of uranium as UF_6 and 2 500 tonnes uranium as UO_2, Cameco is indeed one of the largest uranium companies in the world.

Industry Leadership

Cameco will remain a world leader in uranium mining and conversion. It will protect its position and prepare its future through uranium exploration, taking advantage of its enviable land position, and through research and development in the fields of technology and environmental protection. These activities will culminate in responsive marketing strategies.

Our activities during 1990 reflect these orientations.

Cameco's uranium reserve position was enhanced during the year with the McArthur River discovery. Cameco owns some 44% of this project which contains in excess of 200 million pounds U_3O_8 with a grade of 4.0% U_3O_8.

At year end 1990 Cameco's uranium reserves were estimated at 480 million pounds U_3O_8.

Our research group pursues the development of new technologies, an example of which is the evaluation of the CRISLA process, an innovative and promising way to enrich uranium. The CRISLA development capitalizes on our expertise in the field of fluorine and uranium hexafluoride chemistry and could lead to an expansion of Cameco's presence in the nuclear fuel cycle.

Responding to the continuing soft uranium market which prevailed in 1990 Cameco elected to purchase significant quantities of uranium on the spot market rather than deliver from its own production.

This initiative by a major producer was seen by many industry observers as having a favorable, if limited, influence on the spot price recovery in mid-1990.

Consolidation and Achievement

If 1989 was a year of sweeping change for Cameco, 1990 can be seen as a year of consolidation as the Corporation achieved greater operating efficiency and pursued its exploration and research programs to ensure the fulfilment of its long-term growth objectives.

It was the first full year in which Cameco's Mining Division operated three mines in northern Saskatchewan at Key Lake, Rabbit Lake and Jasper. Key Lake recorded another outstanding year of production with 12.9 million pounds U_3O_8; Rabbit Lake completed the expansion of its mill in April, bringing its annual production capacity to 12 million pounds U_3O_8; and gold production resumed in the spring with the opening of the Jasper mine.

During 1990 a detailed review of precious metals joint-venture projects was completed in the Exploration Division. The adjustments parallel similar initiatives undertaken earlier with our uranium properties and the Division has emerged with a streamlined slate of projects, focusing on fewer but larger properties with substantial levels of Cameco ownership.

▶ On October 1, 1990 William Gatenby (left) appointed Bernard Michel to the position of President.

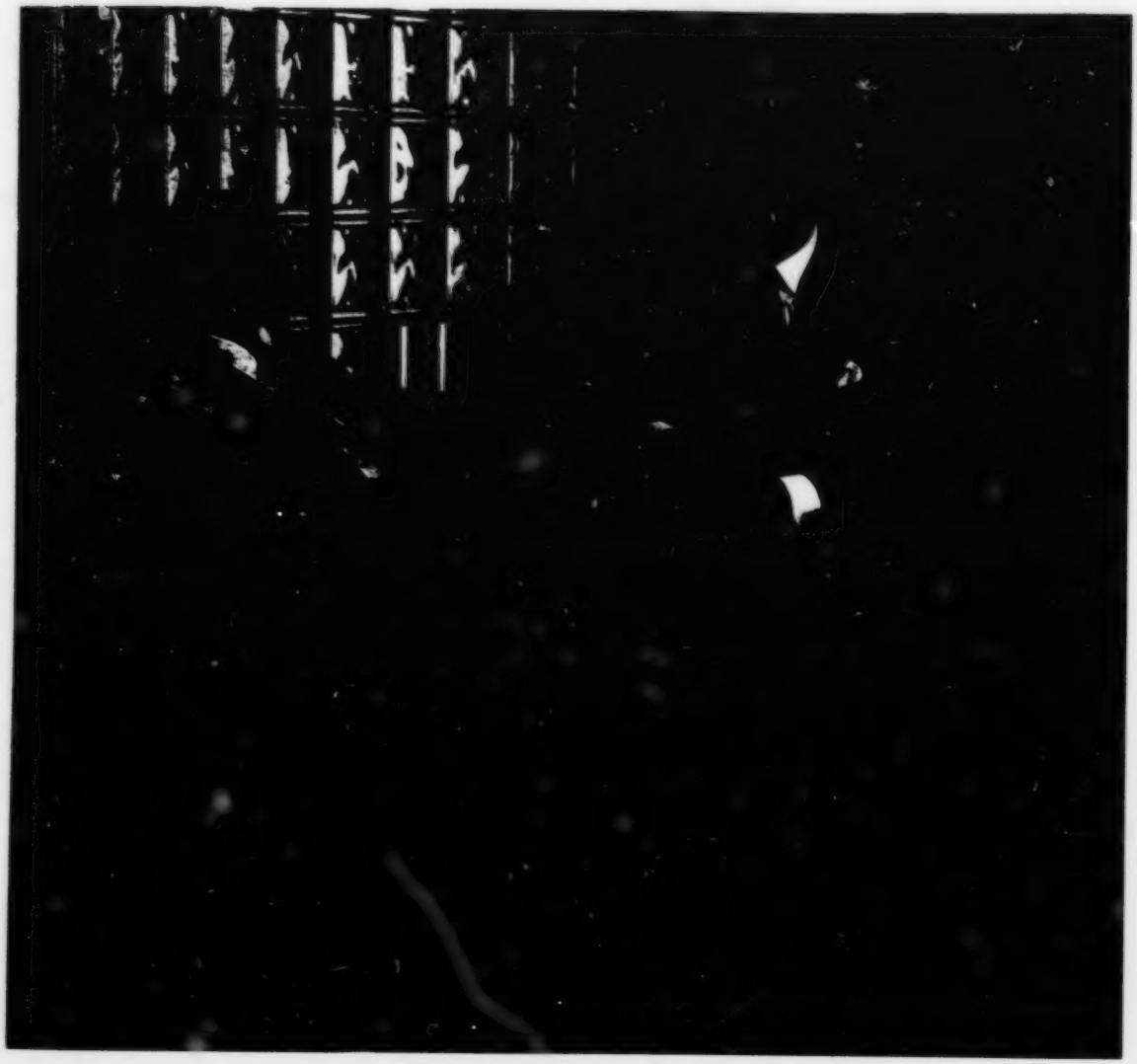
In Ontario the administrative functions affecting the Blind River refinery and the Port Hope conversion plants were consolidated under one vice-president in Port Hope with the appointment of Robert Tanaka to the position of Vice-President, Fuel Services Division.

In Saskatchewan the duplication of services which existed following the merger and after the integration of the Key Lake mine, was eliminated when the functions of human resources, administration, purchasing and computer systems were brought under one roof in Cameco's new corporate office in Saskatoon.

In 1990 a new corporate-wide salary administration system was designed and fully implemented to eliminate inconsistencies inherited from Cameco's predecessor companies. A standard benefits package has also been designed and is scheduled to be implemented during the second quarter of 1991.

Appointments

Cameco recorded two senior management appointments during the year. On August 13 William Allan joined the Corporation as Senior Vice-President, Operations. Mr. Allan is charged with overseeing all activities in Exploration, Engineering and Projects, Mining, Fuel Services and Research and Development. On August 20 Gordon Leaist was promoted to the position of Vice-President, Marketing, bringing more than 30 years of



experience in the nuclear industry to Cameco's most senior marketing post.

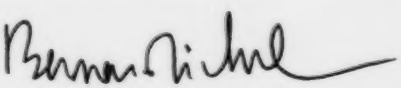
The Wherewithal To Grow

The positive impact of Cameco's reorganization measures were beginning to be felt during 1990 and we fully expect that 1991 will bring further progress.

Employees have taken their place within an organization which has clearly defined goals and which has implemented policies to reward their enterprising spirit.

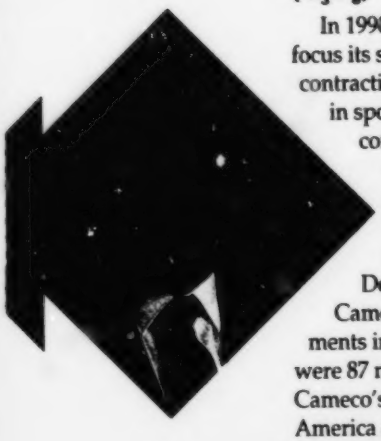
The energy applied to adjust to comprehensive changes since the merger two years ago can now be directed to new initiatives consistent with long-term objectives.

As Cameco continues to grow it will become an increasingly rewarding investment for our shareholders and our employees.



B. M. Michel

Marketing



Gordon T. Leaist
Vice-President, Marketing

Uranium Concentrates (U_3O_8)

In 1990 Cameco continued to focus its sales efforts on long-term contracting and did not participate in spot sales. The Corporation concluded seven long-term uranium sales contracts in 1990 for the delivery of about 12 million pounds U_3O_8. As of December 31, 1990, Cameco's total sales commitments in the period 1991 to 2000 were 87 million pounds U_3O_8. Cameco's customers in North America account for 60% of this commitment level; Far Eastern customers 24%, and customers in Scandinavia and Western Europe 16%.

The Corporation has some long-term contracts in which pricing is related to spot market levels. Rather than make deliveries from its own production, Cameco elected to purchase material from spot market sources. Taking advantage of the depressed prices, more than 2.5 million pounds U_3O_8 equivalent was purchased during the year.

During 1991, Cameco's sales efforts will again concentrate on long-term contracting in all major markets.

▲ **Blind River refinery Laboratory Technician Nick Seymour performs titration to determine the percentage of uranium in concentrates. The results are used to determine the commercial value of the custom refining service.**

Fuel Services

Uranium Hexafluoride (UF_6)

The market for supply of primary UF_6 conversion services parallels the situation in the uranium concentrates market. In spite of market softness, Cameco signed one short-term and four long-term contracts during the year. A balanced market position was maintained by securing agreements with utilities in all the major markets—the United States, Europe and the Far East. Cameco continued to offer utility customers the enhanced flexibility of integrated uranium and conversion service agreements, optimizing the synergies derived from the Corporation's mining, milling and processing facilities.

Uranium Dioxide (UO_2)

UO_2 deliveries to domestic heavy water reactors increased in 1990 with the commencement of commercial operation at Ontario Hydro's Darlington nuclear generating station. During the year one new short-term UO_2 conversion agreement was executed and negotiations toward a new long-term agreement were initiated.

Speciality Metals

A major new contract for the toll

▲ **As one of only five commercial converters in the Western World, Cameco has highly specialized expertise in the field of UF_6 chemistry. Process Team Operator John Whittern connects a flexible filling line to a cylinder valve before filling the cylinder with liquid UF_6 at the Port Hope conversion plant.**

reduction of depleted uranium metal was secured in 1990. Further opportunities for similar services are being actively pursued.

The Uranium Market

Spot Market

The uranium spot market prices were more volatile in 1990 than in previous years. For the first five months, prices were stable at about $9 (US) per pound U_3O_8, but shot up to almost $12 (US) per pound U_3O_8 in July. This was followed by an all-time low in current dollars of less than $8.35 (US) per pound U_3O_8 just three months later, with a recovery to $ 9.70 (US) per pound U_3O_8 at year end.

Although uranium consumption for the generation of electricity has exceeded production in the Western market economies since about 1985, large inventories are still held by some market participants.

This supply/demand imbalance is aggravated by the market's awareness of huge Eastern European inventories, principally in the USSR, from which uranium concentrates are available at low prices. The USSR, aided by aggressive traders, is offering uranium in a variety of forms to Western utilities. In such circumstances, spot prices for uranium in the near term can be expected to be volatile until the new suppliers establish their market share and Western production is accordingly adjusted. In the longer term Cameco sees stability returning to the market at reasonable price levels. The need for more primary production will ultimately lead to pricing that reflects extraction and processing costs.

Nuclear Electricity in the 1990s

Demand for uranium and fuel services in the 1990s may be projected with some degree of confidence. Barring any unforeseen circumstances, installed nuclear plant capacity for the next 10 years can be forecast, given the long lead times required for planning and construction. Furthermore, nuclear plants are typically operated as baseload units, resulting in reason

ably stable fuel requirements. Although some uncertainties such as the extent of fuel reprocessing and re-use do exist, a gradual but steady increase in Western World demand is predicted.

The International Atomic Energy Agency (IAEA) reported that at the beginning of 1990 there were 426 nuclear power reactors connected to electricity supply networks and 96 power reactors under construction. Accumulated worldwide operating experience was 5,200 reactor years. However, the status of nuclear programs in the Corporation's main market varies geographically.

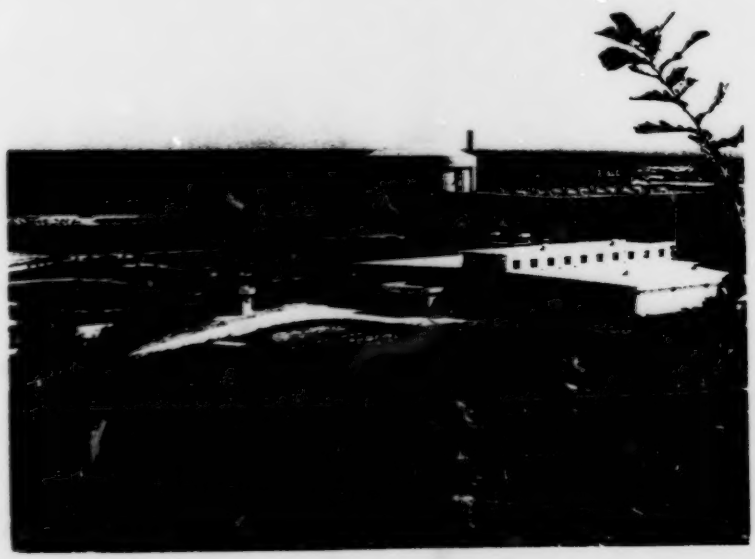
In Japan nuclear generated electricity is seen as an indispensable element for addressing energy diversification and environmental concerns. Japan's Ministry of International Trade and Industry (MITI) in its Long-Term Energy Supply & Demand Outlook, issued in June 1990, set an ambitious goal—40 new reactors to go into service by 2010. This is in addition to the 39 reactor units currently in service. This reactor program, coupled with commitments at the front and back ends of the fuel cycle in enrichment and reprocessing, means that Japan has one of the world's most dynamic nuclear power programs.

The Japanese program as well as the South Korean program of nine reactor units in operation,two under construction and three in the planning stage, focuses the attention of the nuclear industry on the Pacific Rim. In addition, Taiwan with six reactors in operation is looking at the possibility of committing two additional units to construction. Indonesia is cautiously considering its first power reactor.

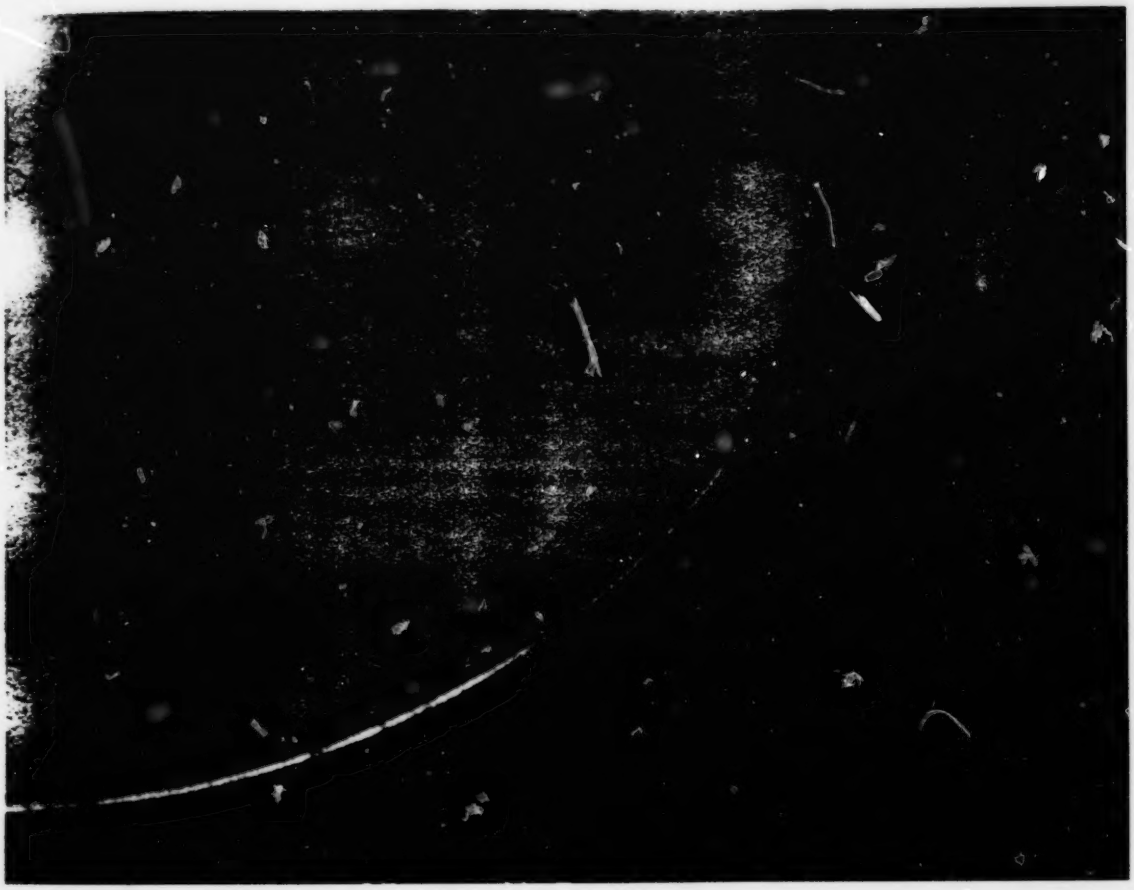
In Europe France is clearly the powerhouse in the nuclear industry though other countries, notably Sweden, Germany and Belgium have a substantial part of their electric generating capacity committed to nuclear. As nuclear generating capacity in France has exceeded the country's baseload requirements, France has become an important electricity supplier to its neighbors, notably the United Kingdom, Switzerland, Germany and Belgium—countries whose own programs have slowed.

Sweden is approaching a decision on whether to begin a shutdown of its nuclear program. The question has generated much debate in that the development of replacement power capacity, fossil fuelled and hydro, has been restricted through separate environmental protection legislation. The lack of alternatives, an excellent safety record, and economic consideration are all cited in support of maintaining a nuclear program which now supplies more than 45% of electricity demand. In Finland, electricity from four nuclear units supplies more than 35% of the country's requirements. An innovative approach to permanent spent fuel disposal is likely to enhance public acceptance of nuclear power in the country. Finland is giving consideration to ordering an additional nuclear reactor in 1991.

While the United States has lo much of the momentum gained from leading the world into the u of nuclear energy for electricity generation, it has by far the large nuclear electrical generating capacity of any country. The



◀ Pleased with the performance of the Wolsong 1 CANDU nuclear reactor (shown) in southeast Korea, Korea Electric Power Corporation (KEPCO) will build a second Wolsong reactor incorporating CANDU technology. KEPCO is a valuable customer which buys Cameco's uranium to help meet the requirements of Korea's expanding nuclear electricity program.



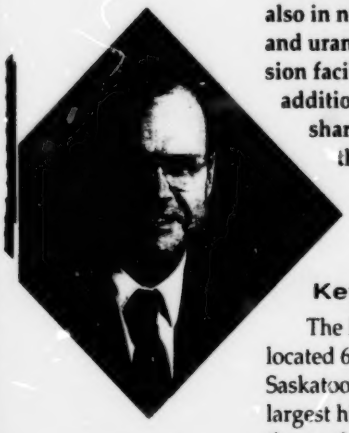
vacuum left by the United States yielding its leadership role has not been filled. American utilities, manufacturers, regulators and related associations are, however, working together to ensure that the industry will be ready for the next surge of new electrical generating projects which will be needed in the forthcoming decade.

In Canada Ontario Hydro is one of the world's leading nuclear electrical utilities. Seventeen units of the CANDU design are currently in operation, providing more than 50% of the province's electricity. Three other units are under construction there as well. The utility has published its new electricity capacity requirements for the next 25 years and recommends a continuing strong commitment to nuclear electric generation. Although the recently elected New Democratic Party government in Ontario has declared a moratorium on new nuclear plant development, Ontario Hydro's proposal will be reviewed and debated over the next few years in extensive public hearings. It remains to be seen whether a realistic alternative to nuclear power can be found to meet the province's growing electricity requirements. Two other Canadian provinces—New Brunswick and Quebec— operate single unit nuclear plants.

▲ As of December 31, 1990, Cameco's total sales commitments for concentrates in the period 1991 to 2000 were 87 million pounds U_3O_8.

The nuclear industry in each of the countries with major nuclear programs has recognized the need to address public concerns in the areas of safety, waste management and cost effectiveness. No other industry has been subjected to such detailed scrutiny. Fortunately, the industry has recognized its public responsibilities and has taken initiatives in preparing for the future.

Operations – Mining Division



William Allan
Senior Vice-President, Operations

Cameco's operations include two uranium mines in northern Saskatchewan at Key Lake and Rabbit Lake , the Jasper gold mine, also in northern Saskatchewan, and uranium refining and conversion facilities in Ontario. In addition, Cameco receives a 20% share of production from a third Saskatchewan uranium mine at Cluff Lake, which is operated by Amok Ltd.

Key Lake Highlights*	1990	1989
Tonnes Milled	263 645	242 688
Production (lbs U_3O_8)	12,935,281	12,719,522
Recovery rate (%)	98.70	98.50
Average mill head grade (% U_3O_8)	2.25	2.40
Average product grade (% U_3O_8)	98.78	98.60
Mineable reserves at year end (lbs U_3O_8)	110,000,000	123,000,000
Site work force	368	355

* Total Key Lake

Key Lake Operation

The Key Lake minesite is located 664 kilometres north of Saskatoon. This operation is the largest high-grade uranium mine in the world, with annual nameplate production capacity of 12 million pounds U_3O_8. During 1990, 12.9 million pounds were produced.

Cameco holds a 66.67% interest and acts as operator. The remaining 33.33% is held by Uranerz Exploration and Mining Limited.

During the year a total of 2.8 million BCM of material were excavated from the Deilmann open pit. This volume included 97 407 tonnes of ore with an average grade of 4.12% U_3O_8.

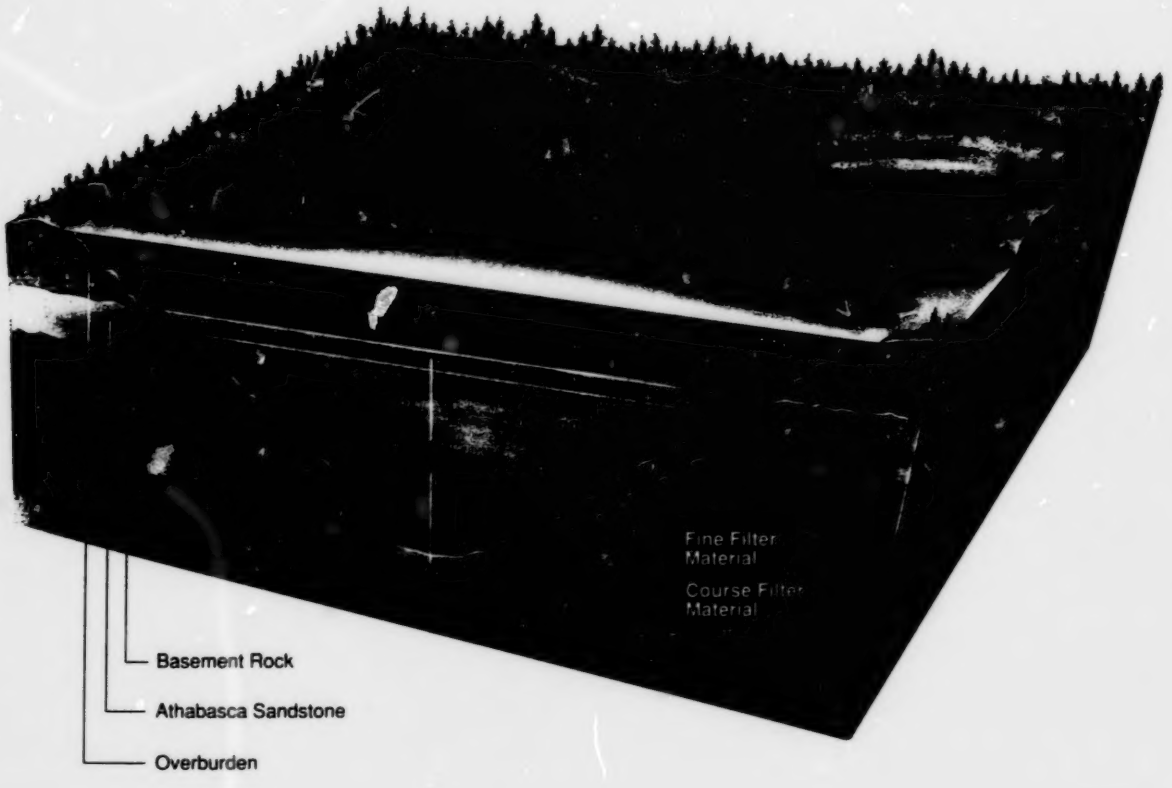
Millfeed throughout the year consisted of a blend of Deilmann ore and screened cobble ore from the Gaertner stockpile, with an average feed grade of 2.25% U_3O_8.

During 1990 Cameco continued its thorough investigation of the performance of the existing tailings facility and of the various options available to expand tailings storage capacity. At year end the preferred solution had been identified. This solution, which is subject to regulatory approval, would be similar to the method used at the Rabbit Lake site where it has proven to be most successful. The proposed system takes advantage of the surrounding host rock and uses the mined-out open pit for tailings disposal. At Key Lake, this would imply the accelerated mining of the Deilmann orebody to convert the pit to a waste management facility.

During 1990 the Corporation signed a three-year agreement with the union representing its Key Lake employees.

▶ Mining of the Deilmann open pit (right) at the Key Lake Operation will be accelerated if a proposed waste management system (opposite page) is developed.

The Deilmann Mine During Postdecommissioning



▲ The proposed waste management system at the Key Lake Operation involves in-pit tailings disposal, a method which is currently being used successfully at the Rabbit Lake Operation. An artist's concept depicts the Deilmann pit at the postdecommissioning stage.

Operations – Mining Division

Rabbit Lake Operation

The Rabbit Lake Operation is located 805 kilometres northeast of Saskatoon.

With the sale of a one-third interest in the Rabbit Lake assets by Cameco to Uranerz Expioration and Mining Limited in 1990, Rabbit Lake has the same ownership arrangement as the Key Lake Operation, with Cameco holding a 66.67% interest and acting as operator and Uranerz holding the remaining 33.33%.

As a result of market conditions the mill remained shut down throughout 1990; however, mining in the Collins Bay B-Zone open pit continued and is expected to be complete in February 1991. The ore stockpile will then contain more than 18 million pounds of U_3O_8 with an average grade of 0.69% U_3O_8.

Final upgrading of the solvent extraction circuit was completed in April 1990 increasing annual production capacity of the mill to 12 million pounds U_3O_8.

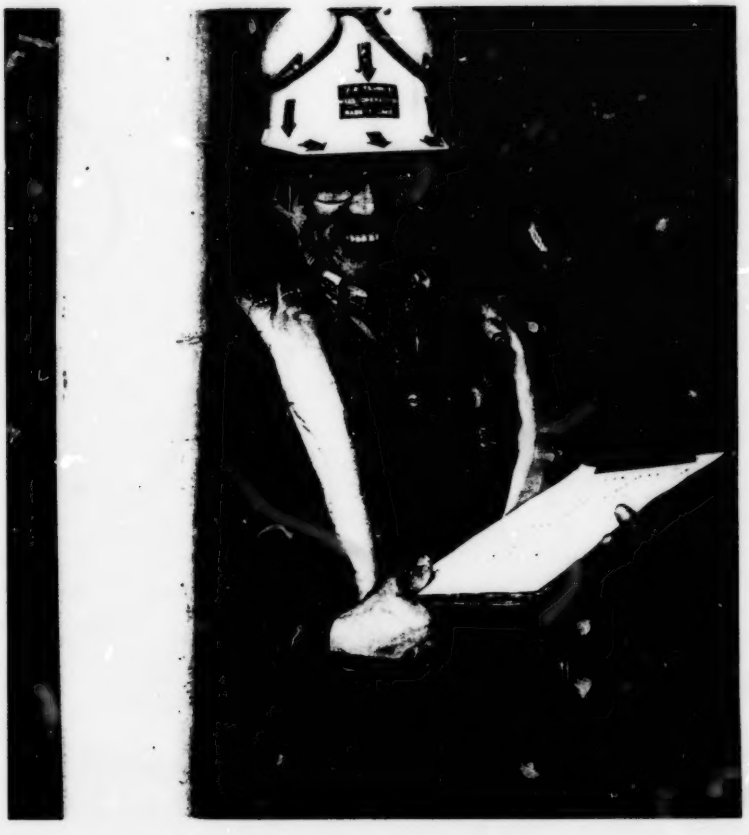
The Rabbit Lake Operation was awarded the John T. Ryan Safety Award for its safety performance in 1989. In 1990 the site again experienced no lost-time injuries. At year end, it had a record 775 accident-free days.

Eagle Point Mine Development

Approval from the Atomic Energy Control Board for underground development at Eagle Point was received in 1990. Surface work continued during the year with the installation of the minewater pumphouse, minewater line and electrical distribution system. Fresh water intake and fuel storage facilities were also constructed and a sinking cut was driven to the mine portal.

Construction of the test mine will begin in the spring of 1991 with full production scheduled to start in 1993.

Regulatory approval was obtained for modification of the successful in-pit tailing disposal system. A two-year operating licence was issued to the Operation, allowing annual production of up to 12 million pounds U_3O_8.

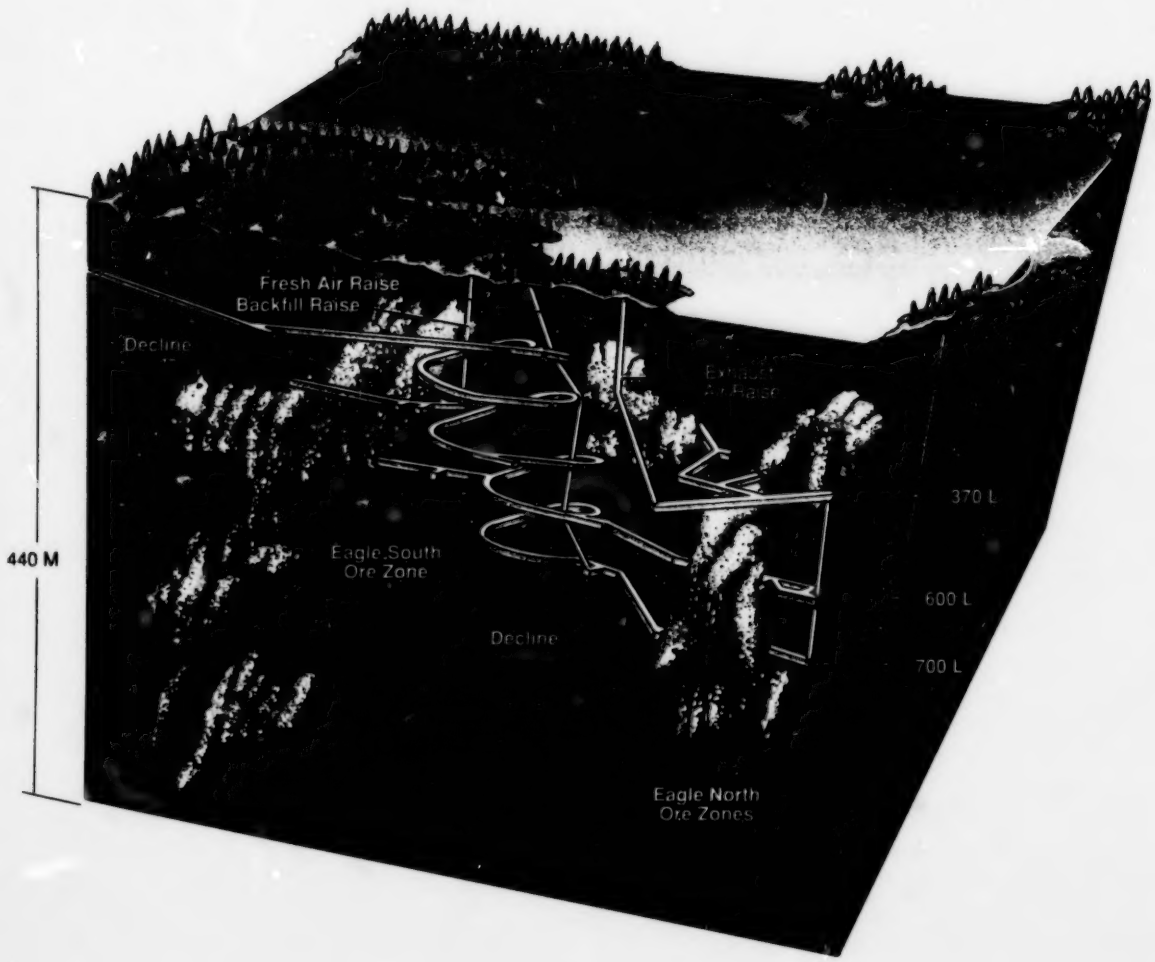


▲ Mill Operator John Baptiste (JB) Tsannie is responsible for monitoring instruments which provide a continual assessment of water quality and volume in the Rabbit Lake mill.

Rabbit Lake Highlights*	1990	1989
Tonnes milled	--	242 893
Production (lbs U_3O_8)	--	4,670,379
Recovery rate (%)	--	96.14
Average mill head grade (% U_3O_8)	--	0.84
Average product grade (% U_3O_8)	--	80.81
Mineable reserves at year end (lbs U_3O_8)	110,000,000	110,000,000
Site Work Force	178	218

* Total Rabbit Lake

Eagle Point Underground Uranium Mine



▲ **An artist's concept of the Eagle Point underground uranium mine depicts a view of the Eagle North and Eagle South orebodies and their proposed development. Construction of the decline will begin in 1991. The depths(L) noted below surface in the mine are measured in feet using lake level as the zero point.**

Operations – Mining Division

Cluff Lake

Operations at the Cluff Lake uranium mine, 720 kilometres northwest of Saskatoon, were constrained by the market in 1990. Cameco holds a 20% interest in this operation while Amok Ltd. holds the remaining 80% and acts as operator.

Mining of ore at Dominique-Janine North open pit continued in 1990. To date ore grades have been marginally below expectations.

Underground operations at the Dominique-Peter mine continued until September 1990. Grades encountered were above expectations. The site closed in December for the annual winter shutdown.

The Operation recorded no lost-time accidents in 1990.

Cluff Lake Highlights*	1990	1989
Tonnes milled	126 603	130 082
Production (lbs. U_3O_8)	2,005,017	1,890,582
Recovery rate (%)	97.00	96.91
Average mill headgrade(% U_3O_8)	0.75	0.68
Average product grade (% U_3O_8)	88.86	89.97
Mineable reserves at year end (lbs U_3O_8)	43,000,000	45,000,000
Site work force	145	167

* Total Cluff Lake

▼ Cameco-operated mines at Key Lake, Rabbit Lake and Jasper, as well as the underground mine at Cluff Lake, operate 24 hours a day using a seven-day-in/seven-day-out, commuter system of staffing.

◀ Cameco's gold production resumed in 1990 with the opening of the Jasper Operation. Adrian Pelechaty, Assistant Mill Superintendent, conducted the first gold pour during the official opening June 7.

Jasper Operation

Located approximately 525 kilometres north of Saskatoon, the Jasper Operation is a joint venture gold mining project between Cameco (80%) and Shore Gold Fund Inc. (20%). Cameco is the operator.

Activities at the Operation began in February 1990 with the mobilization of the mining contractor, installation of facilities at the minesite, dewatering of the mine and rehabilitation of the mill and campsite at Star Lake. Development and production mining commenced in March with ore processing starting up in April 1990. By year end, 60 510 tonnes of ore were milled, producing 33,790 ounces of gold. Mining is scheduled to be completed in the summer of 1991, and milling by year end.

Construction activities included a new haul road between the minesite and Star Lake, reducing the ore haul distance from 19 to nine kilometres; a new three-cell settling pond at the mine to treat minewater discharge; raising of two dams and building one new dam for the Blindman tailings area at the Star Lake site; and the installation of a gravity circuit in the mill to recover free gold.

Two diamond drill exploration programs took place in 1990. The first program was primarily for definition drilling around the known ore zones. The second drill program explored down-plunge projections of the main zone and of the nearby area for potential mineralization up to 430 metres below the surface. Further drilling is planned during 1991.

Jasper Operation Highlights*	1990
Tonnes milled	60 510
Production (troy ounces of gold)	33,790
Recovery rate (%)	97.1
Average mill head grade (oz/T)	0.53
Mineable reserves at year end (ounces)	42,348

*Total Jasper. Production began April 1990.

Operations – Fuel Services

Cameco's Fuel Services Division consists of two operations in Ontario: a refinery in Blind River and conversion plants in Port Hope. Both are owned and operated by Cameco.

At Blind River, uranium concentrates are refined to UO_3, an intermediate product, and then transported by truck to Port Hope. There, the UO_3 is converted to UO_2 for use in fuel in CANDU nuclear reactors, or to UF_6. The UF_6 is then exported to enrichment plants where it is upgraded for use in light-water nuclear reactors.

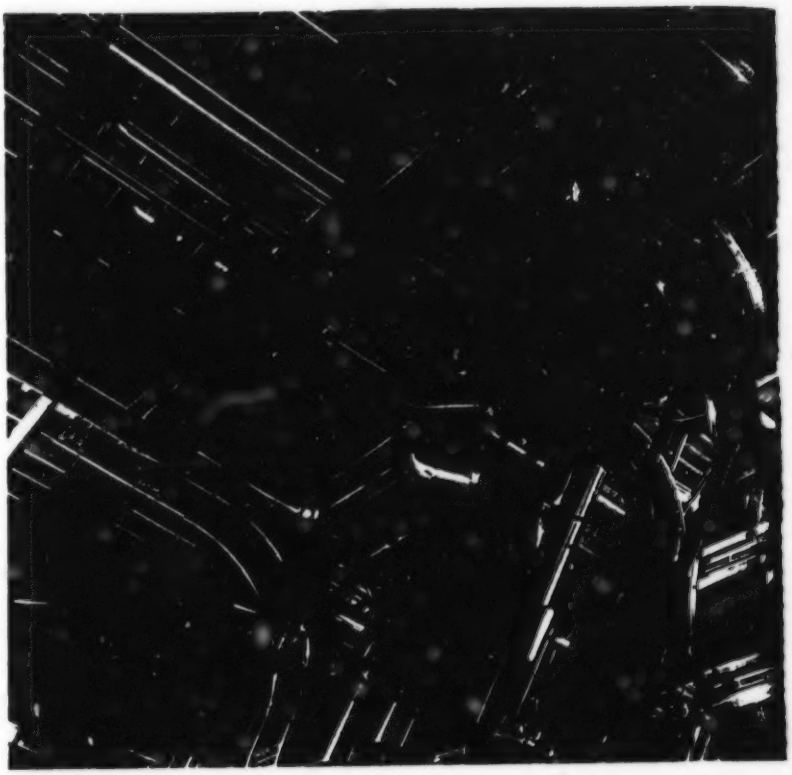
Due to soft conversion markets, the Corporation reduced production at both Blind River and Port Hope during 1990. This reduction was achieved by extending the annual summer shutdown to four months to allow the Division to reduce its inventories of conversion products and lower its operating costs.

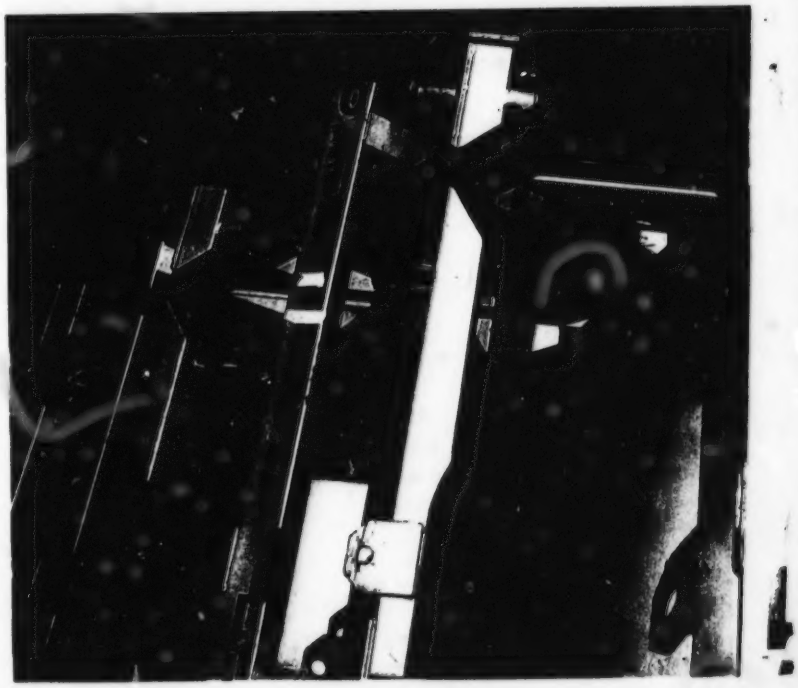
Blind River Refinery Operation

The refinery received concentrates from uranium mines in Canada and around the world. With an annual capacity of 18 000 tonnes of uranium as UO_3, it is the largest refinery of this kind in the world.

Total production during the year was 8 154 tonnes of uranium as UO_3.

Blind River Highlights	1990	1989
Production (tU)	8 154	8 614
Site work force	98	127





▶ Refinery Process Operator Tom Page displays a gamma meter which measures radiation levels from UO_3 tote bins. From Blind River product is transported to Port Hope for conversion to either UO_2 or UF_6.

▲ **Cold Trap Operator Eugene Shepard switches valves on a cold trap used to collect UF_6 as part of the process which converts UO_3 to UF_6 at the Port Hope conversion facilities.**

Port Hope Conversion Operations

The main function at Port Hope is to convert UO_3 received from the Blind River refinery to either UF_6 or UO_2. The site also includes a smaller Speciality Metals plant which produces depleted uranium metal products.

The UF_6 plant has a capacity of 10 500 tonnes uranium as UF_6 per year, while the UO_2 plant has an annual capacity of 2 500 tonnes uranium as UO_2.

Both plants reduced production in 1990 due to market conditions although UO_2 and UF_6 continued to be shipped during the four-month shutdown.

Port Hope Highlights 1990 1989

Production (tU)	8 398	9 210
Site work force	280	287

Specialty Metals

In 1990 the Specialty Metals plant at Port Hope continued its routine production of specialized casting of depleted uranium metal for counterweights and shieldings used in the aerospace and medical industries. Work was completed on the casting of the largest diameter (213 cm) depleted uranium metal flywheel ever produced in the industry.

Development Projects

Cigar Lake

Preparation for underground test mining at Cigar Lake, 670 kilometres north of Saskatoon, continued in 1990. The schedule calls for completion of the test mine phase by early 1992, by which time capital expenditures are expected to reach approximately $100 million.

Cigar Lake is the site of the world's richest known uranium deposit containing an estimated 385 million pounds U_3O_8 at an average grade of 9.04% U_3O_8.

The project is operated by the Cigar Lake Mining Corporation, a joint-venture company owned by Cameco (48.75%; voting 50.75%), Cogema Canada Ltd. (32.625%), Idemitsu Uranium Exploration Canada Ltd. (12.875%), Corona Grande Exploration Corporation (3.75%) a wholly owned subsidiary of Cogema Canada, and Korea Electric Power Corporation (2% non-voting).

Shaft sinking was completed in May down to a depth of 501 metres. Drifting advanced both above the ore zone (the 420-metre level) and below (the 480-metre level). As expected, difficult ground conditions were encountered at the 420-metre level and necessitated ground freezing and construction of a watertight bulkhead. Better ground conditions were encountered at the 480-metre level and progress was approximately as anticipated.

Two mining methods are being investigated: blind boring which will be tested by mining downwards from the 420-metre level and boxhole mining which will be tested by mining upwards from the 480-metre level.

▼ Shaft sinking at the Cigar Lake test mine was completed in May 1990 at a depth of 501 metres. Test mining of the ore is scheduled to begin in mid-1991.

Water flows encountered were within expectations. Construction continued to upgrade, in general, the surface facilities.

Contact Lake

The Contact Lake gold project is about 65 kilometres north of La Ronge, Saskatchewan. The property is located in the Lac La Ronge Provincial Park within the area zoned for mineral development.

The Environmental Impact Statement for the project was filed with the regulatory agencies in September 1990 and surface lease negotiations have been started. Once the necessary approvals are received, the mine could begin operations within 18 months.

Reserves at Contact Lake are estimated at 964 000 tonnes at an average grade of 9.5 grams per tonne (0.28 ounces per ton), enough to provide millfeed for the operation for more than five years. Mine life could be extended if additional reserves, of which there are early indications, are discovered in the area. Current reserves are expected to yield almost 293,000 ounces gold, potentially Saskatchewan's largest gold project—about four times larger than Cameco's Jasper mine—which should be regarded as a medium-sized gold development. If development proceeds, the mine will employ more than 100 people during full production. Capital costs to bring the development to startup are estimated at $40 million.

The project is owned by the Preview Lake Joint Venture, which comprises Cameco (50%), Uranerz Exploration and Mining Limited (30%) and Westward Explorations Ltd. (20%), a wholly owned subsidiary of Windarra Minerals Ltd. Cameco is the operator.

Exploration

Further drilling during 1990 on the new uranium discovery at McArthur River confirmed a major, high-grade deposit that adds significantly to the Corporation's reserves of uranium.

Drilling on gold projects in Saskatchewan found promising values in new areas on two projects that will warrant further drilling.

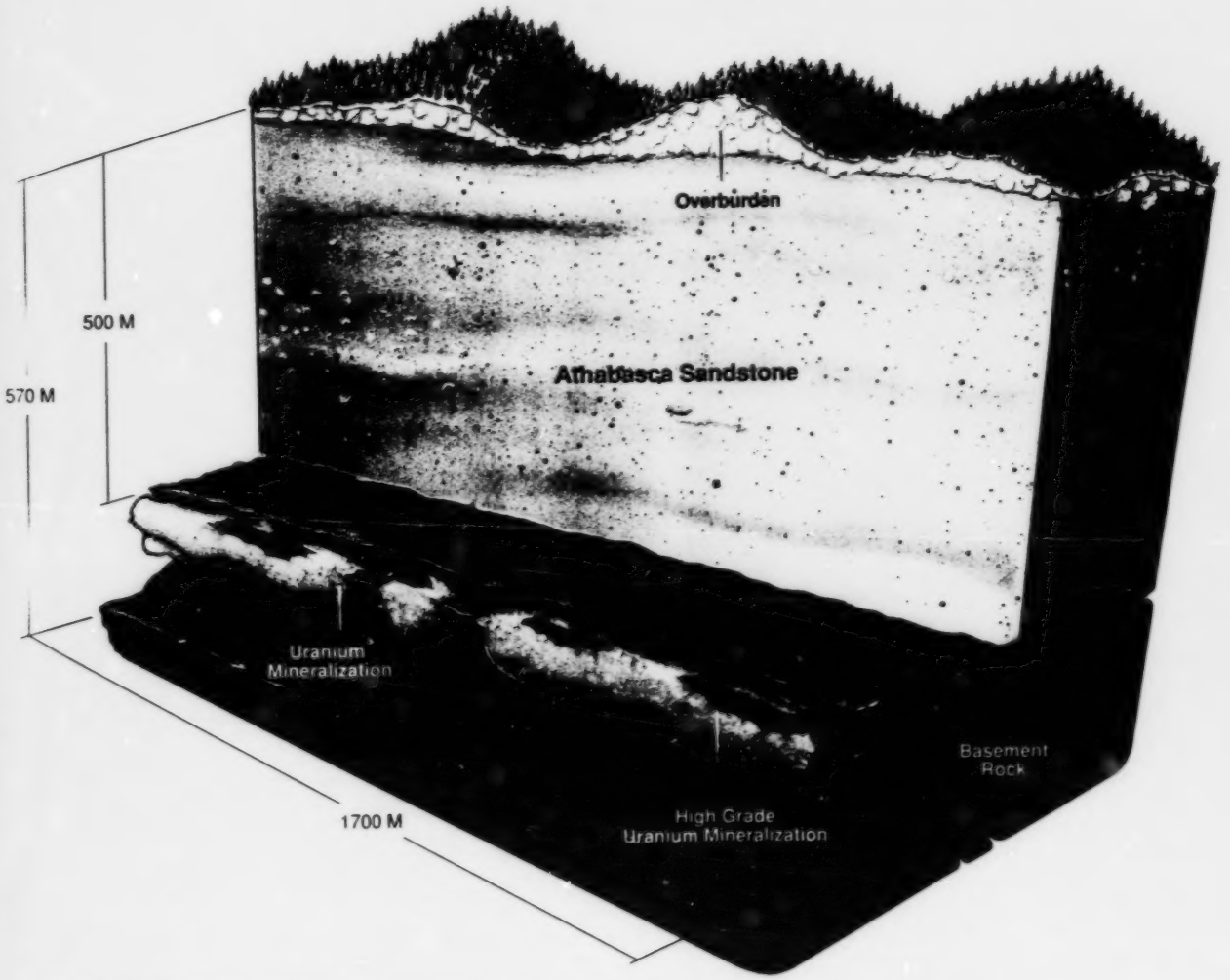
Cameco spent $11 million in 1990 in exploration programs costing an aggregate of $15 million. These programs involve Saskatchewan uranium exploration and exploration for gold and base metals in selected areas in Canada and the United States.

Uranium

Drilling continued on the McArthur River project in Saskatchewan where the P2 North discovery has proven to be a large, high-grade deposit of uranium.

The project is located only 70 kilometres northeast of the Key Lake Operation.

McArthur River Uranium Deposit



Cameco's newest uranium discovery is the McArthur River deposit, where reserves are estimated at 200 million pounds U_3O_8 at an average grade of 4.0% U_3O_8. An artist's concept of this large, high-grade deposit illustrates the unique positioning of the orebody.

Exploration

Based on a total of 32 vertical drill holes spaced about 100 metres apart along the 1 800-metre length of the deposit and several cross-sections with holes spaced about 25 metres apart, Cameco has estimated a geological reserve containing 200 million pounds U_3O_8 at an average grade of 4% U_3O_8. The best drill hole returned 12% U_3O_8 over 45 metres including individual assays greater than 70% U_3O_8.

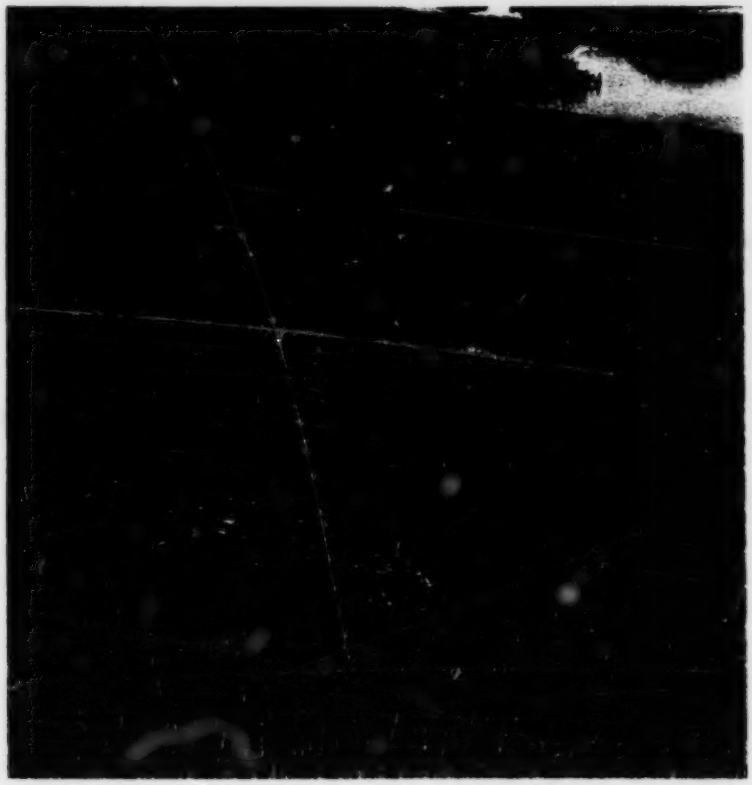
The uranium is associated with a thrust fault at a depth of 500 to 550 metres and occurs mainly in silicified sandstone. The deposit does not have the intensive clay alteration and the nickel-arsenide minerals commonly present in a number of other Saskatchewan deposits.

Gold

Central Canada

Drilling at Contact Lake on the Preview Lake joint venture in Saskatchewan outlined additional mineralization in the BK-3 area beneath Contact Lake. Several holes intersected values greater than 1.0 ounces gold per ton over widths of 2.0 metres or more. Further drilling is required to determine whether mineable reserves exist in this area. Prospecting and drilling were also carried out on other targets on the Preview Lake and adjacent Little Deer Lake properties.

Exploration resumed on the Fork Lake property and on the adjacent Keta Lake property. Drilling will continue in this area in 1991.



Although drilling in 1990 at Dickens Lake failed to determine economic reserves, exploration will continue in 1991 on other targets and on new mineralization discovered on the Kidney-Earl and Magdalen projects.

Eastern Canada

During the year Cameco expanded its activities in Eastern Canada through participation with partners in four gold projects in Quebec and on one gold project at the drilling stage in Ontario. One project in each province was at the drilling stage.

Western Canada

Drilling was carried out on one gold project in each of southern British Columbia and Northwest Territories.

Western United States

Cameco participated with partners including Minnova (US) Inc., Plexus Exploration Company and Nerco Minerals Company in drilling on three gold projects in Nevada and was involved in early stage exploration on projects in Nevada and Idaho.

Base Metals

Geophysical surveys and diamond drilling were carried out on the Hanson Lake zinc-copper property in Saskatchewan and on the Marg property in the Yukon without adding significantly to previously known reserves. Drilling was also carried out on a base metal prospect in California.

◀ The Contact Lake gold project, potentially Saskatchewan's largest gold deposit with reserves expected to yield almost 300,000 ounces, awaits regulatory approval before development can proceed.

Diamonds

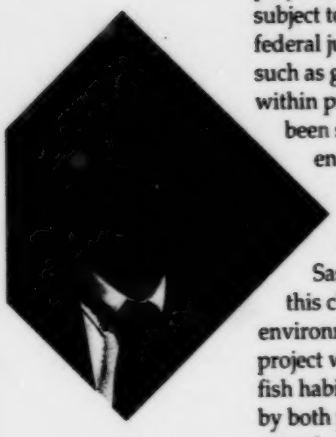
During the year several kimberlite bodies at Fort a la Corne, Saskatchewan were sampled by drilling and these samples were processed at a diamond recovery plant in Saskatoon. Six macrodiamonds were recovered, of which the largest, a stone weighing 0.49 carats, is of gem or near-gem quality. Although the samples were not large enough to determine whether economic grades are present, the results give sufficient encouragement to continue exploration in the area. Cameco has a 50% interest in this project, which is operated by Uranerz Exploration and Mining Limited.

New Projects

During 1990 Cameco continued to seek new opportunities, primarily in gold. More than 200 submissions of properties in the exploration, development and production stages were evaluated during the year and Cameco acquired interests in several new gold exploration projects in Quebec and in western United States.

▼ Diamond exploration in Saskatchewan entered a new era during 1990 when processing of kimberlite samples yielded two gem-quality macrodiamonds. The larger stone weighs 0.49 carats while the smaller one weighs 0.14 carats. Shown here with a ring mount for size scale, the two stones are displayed against a kimberlite core sample.

Environment and Safety



Stan Frost
Director
Environment and Safety

Environment

Uranium mine development projects have historically been subject to both provincial and federal jurisdiction. Other minerals, such as gold, which were solely within provincial jurisdiction, have been subject to provincial environmental review only. However, as a result of court cases affecting dam construction in southern Saskatchewan and in Alberta, this changed during 1990 and environmental reviews of any project with potential for affecting fish habitat must now be conducted by both provincial and federal agencies.

Gold

One such project is the Contact Lake gold development in which a small lake nearby will be affected. In March 1990, the project proposal was submitted simultaneously to Saskatchewan Environment and Public Safety and the Federal Department of Fisheries and Oceans. Comments and guidelines for the Environmental Impact Statement (EIS) were received and the EIS was completed and submitted to the agencies in September. The agency review is nearing completion and it is expected that the public review of the EIS will take place early in 1991.

Uranium

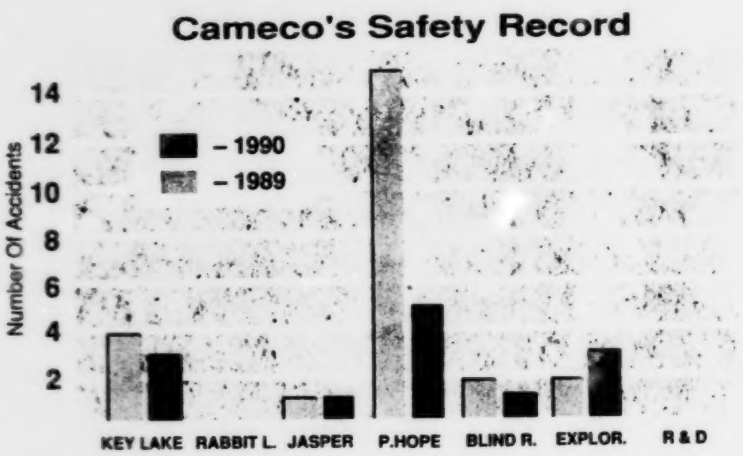
Rabbit Lake

The mined-out Rabbit Lake pit has been used on an experimental basis for tailings disposal since 1985. Recognizing that it is difficult to build a completely impervious barrier, this system takes advantage of the properties of the tailings and local construction materials to contain the tailings within a permeable envelope. The consolidated and drained tailings are of much lower permeability than the highly permeable envelope of crushed rock and sand. The result is that, after decommissioning, water will flow through the envelope, detouring around the tailings. With no driving force, contaminants will only be removed from the tailings by molecular diffusion, a process which is so slow that contaminant concentrations will remain below surface water quality objectives for all future time.

Key Lake

At Key Lake another innovative tailings management system has been in use since 1984. This system uses sub-aerial deposition of tailings into a diked impoundment above grade. Water drains from the tailings, allowing consolidation, so that at the end of the operation, the tailings can be capped and abandoned without delay. However, the 600-metre length of the facility has caused particle-size segregation. The larger particles settle close to the point of discharge, while the fines are carried to the far end. The larger particles drain and consolidate well but the fines do not drain and are forming layers of ice, which only partially melt in summer. Although this does not present any current environmental problems, there is concern that the original decommissioning plan would not be effective for frozen, unconsolidated tailings.

Major studies have been performed over the past two years to examine the present condition of the tailings and to develop methods



▲ In 1990 Cameco employees reduced the number of lost-time accidents by 46%.

The initial placement of filtered tailings in the pit by truck proved to be unworkable and placement of slurried tailings by pipeline was operated on a trial basis. Studies were done which demonstrated that the environmental impact of this method was acceptable and did not differ from the original method. A request made in 1989 to have slurry placement recognized as the primary method of tailings placement was approved in July 1990 after a full public review of the EIS.

◀ Cameco's commitment to the environment is demonstrated by its extensive environmental protection program which, during 1990, involved a budget of more than $5 million and 44 people, including Rob Scott, Environmental Technologist from the Rabbit Lake uranium mine.

for improving the performance of the system. The lack of consolidation has also resulted in a shortfall in tailings capacity and this has been aggravated by lower mined ore grades than originally anticipated, resulting in greater volumes of tailings requiring disposal.

As a partial solution, an intermediate berm was constructed across the tailings during the summer of 1990, reducing the flow distance. This has reduced particle-size segregation and improved drainage and consolidation, ensuring that current operations are not aggravating the ice problem. Further research is being done on methods of removing the ice which has already built up. The question of additional tailings capacity is being addressed in another study to be completed in early 1991.

Environmental Audits

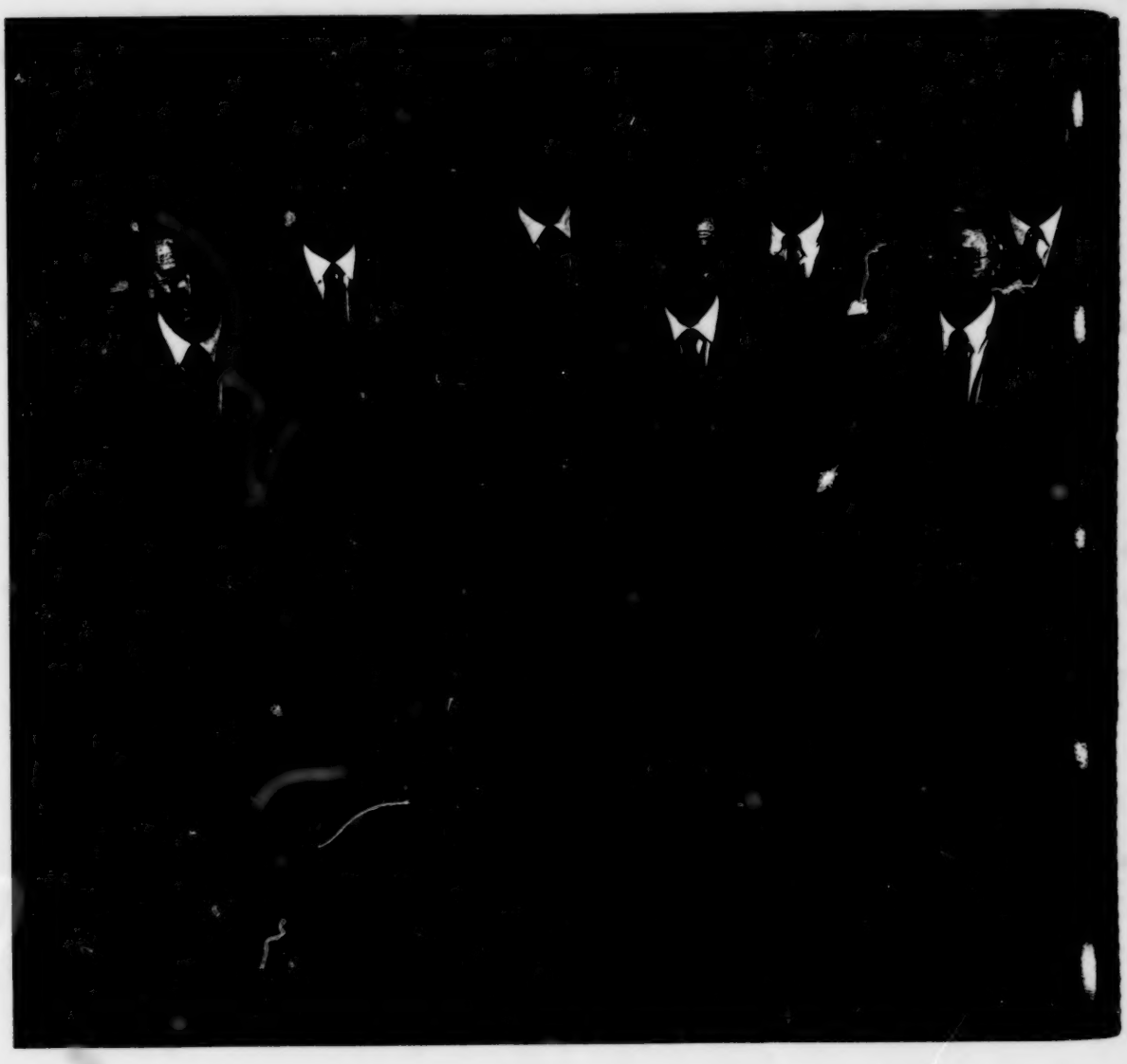
In 1990 Cameco introduced an environmental audit program at all operating sites to ensure that no unidentified potential problems were being overlooked. The program requires the input of all employees to identify procedures or equipment which could be improved, to propose solutions and to implement corrective action, if necessary. At year end the implementation of modifications was about 75% complete.

Safety

During 1990 the Corporation's safety program achieved an overall reduction in lost-time accidents by 46%. In the Mining Division Rabbit Lake continued its outstanding safety achievements, completing a second consecutive accident-free year while in the Fuel Services Division, Port Hope reduced its number of accidents by 67% compared with the previous year.

In the Saskatchewan mine rescue competitions Rabbit Lake was the Overall Surface Mine Champion, with Key Lake the runner-up. Rabbit Lake also won the Surface Search and Rescue Competition and Key Lake was runner-up in the Firefighting Competition.

Cameco's Board of Directors



(Left to Right)

▲ **William James, John Zaozirny, William Woodward, Wolfgang Wolff, William Gatenby, Bernard Michel, Justus Dornier, Mervyn Lahn and Darcy McKeough**

Committees of the Board

Executive Committee
W.A. Gatenby, Chairman
W.D. McKeough
W. Wolff

Audit Committee
E.W. Barootes, Chairman
W. Wolff
F.W. Woodward

Human Resources Committee
W.D. McKeough, Chairman
W. Wolff

Environment Committee
F.W. Woodward, Chairman
J. Dornier
B.M. Michel
J. B. Zaozirny

W. A. (William) Gatenby, Saskatoon, Chairman of the Board and Chief Executive Officer of Cameco.

Senator Efstathios W. (Staff) Barootes, Regina and Ottawa, Member of the Canadian Senate and was Chairman of the Board of Saskatchewan Mining Development Corporation at the time of the merger which formed Cameco.

J. (Justus) Dornier, Zurich, Switzerland, Chairman of the Board of Justus Dornier Holdings Ltd., a financial holding company controlling various companies active in the field of industrial investment goods.

W. (William) James, Toronto, former Chairman of the Board, President and Chief Executive Officer of Falconbridge Limited; appointed May 1990 to Cameco's Board, resigned December 1990 to join Denison Mines Limited.

M. L. (Mervyn) Lahn, London, Ontario, former Chairman of the Board and Chief Executive Officer, The Canada Trust Company.

W.D. (Darcy) McKeough, Chatham, Ontario, Director of the Canada Development Investment Corporation, which holds the federal government's 38.5% interest in Cameco.

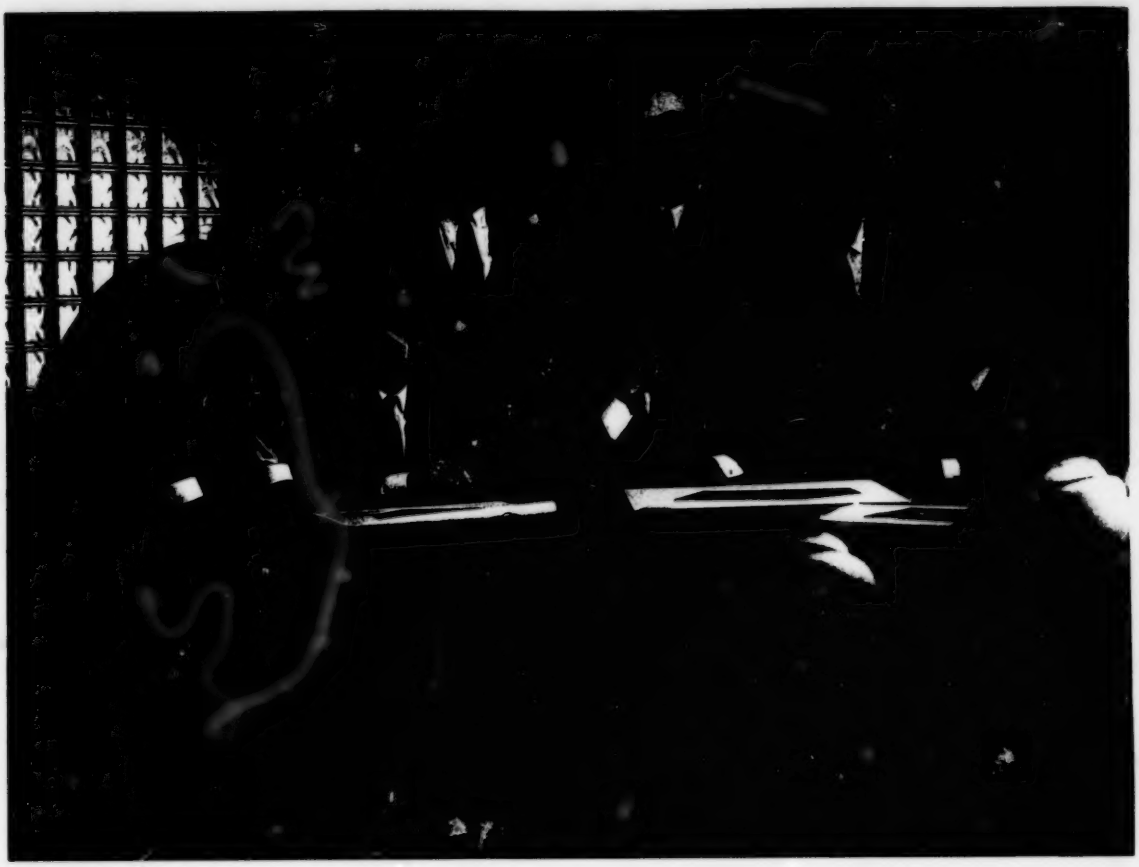
B. M. (Bernard) Michel, Saskatoon, President and Chief Operating Officer of Cameco.

W. (Wolfgang) Wolff, Regina, chartered accountant and businessman, Chairman of the Board of the Saskatchewan Mining Development Corporation, a company which holds the provincial government's 61.5% interest in Cameco.

F.W. (William) Woodward, Regina, President and Chief Executive Officer of the Fransyl Group, a private investment and consulting company.

J.B. (John) Zaozirny, Calgary, a member of both the Alberta Bar and the British Columbia Bar, Counsel to the national law firm of McCarthy Tetrault in Calgary and Vancouver.

Cameco's Senior Management



▲ *Standing l to r:* **Gary Chad, Francis LaRoue, Thomas Gorman, Gordon Leaist**

Seated l to r: **William Allan, Bernard Michel, William Gatenby**

W. A. (William) Gatenby, Chairman and Chief Executive Officer

B. M. (Bernard) Michel, President and Chief Operating Officer

W. (William) Allan, Senior Vice-President, Operations

T.J. (Thomas) Gorman, Vice-President, Finance and Chief Financial Officer

G.T. (Gordon) Leaist, Vice-President, Marketing

F.W. (Francis) LaRoue, Vice-President, Human Resources and Administration

G.M.S. (Gary) Chad, Corporate Secretary, General Counsel and Assistant to the Chairman

Management's Discussion And Analysis

Highlights

The Corporation had net earnings in 1990, before a gain on sale of Rabbit Lake assets, of $34.1 million, an increase of 45% over 1989 earnings of $23.5 million. These results were enhanced by the gain on sale of $57.5 million to give total net earnings of $91.6 million.

On July 24, 1990 the $160-million sale of a one-third interest in the Rabbit Lake Operation was concluded allowing Cameco to pay down a significant portion of its long-term debt. As a result of this transaction Cameco advanced substantially toward its primary financial objective of debt reduction, thereby achieving a more conservative capital structure. In spite of this sale, Cameco's total uranium reserves increased over the previous year due to the major discovery at McArthur River, the Corporation's share of which is estimated at 88 million pounds of U_3O_8 with an average grade of 4.0% U_3O_8.

Revenue

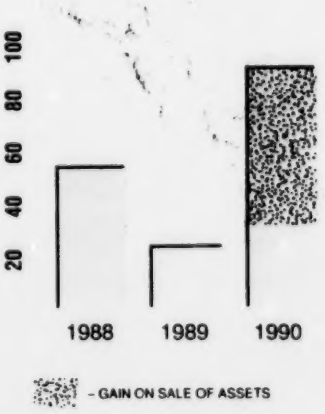
Uranium spot market conditions remained weak during 1990. Many utilities continue to hold high inventory levels and engage, together with producers and traders, in discretionary purchasing of uranium in the spot market. Currency-motivated sales by producers in the USSR, Eastern Europe and mainland China have also destabilized pricing in the spot market. For UF_6 conversion, an over-supply of production capacity continues to characterize the market.

For 1990 Cameco's revenue of $315.6 million declined $3.9 million or 1.2% from 1989. Uranium concentrate sales volume was unchanged from a year earlier at 11.4 million pounds U_3O_8 representing about 10% of the Western World's uranium consumption. However, concentrate revenues were down due to lower spot prices and a persistently strong Canadian dollar. As in 1989 Cameco made no sales in the spot market during 1990 due to the low price levels.

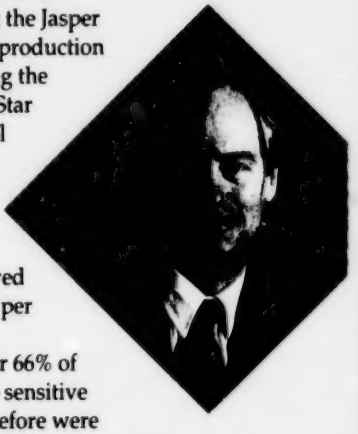
Nevertheless, spot prices as quoted monthly by industry brokers have an impact on Cameco's earnings because prices in certain long-term contracts are referenced to the prevailing spot price. Given current spot price levels and Cameco's current mix of contracts, in 1990 a $1 (US) per pound change in the spot price of U_3O_8 would have resulted in a $5.7 million impact on revenues.

Aggregate conversion sales volume in 1990 rose by 14% to 9 392 tonnes uranium. These results were achieved despite the continuing overcapacity in the UF_6 market which has led to intense price competition. The UO_2 market is essentially a national market with Cameco being the sole supplier.

Net Earnings
($ millions)



Gold mining resumed in the second quarter of 1990 at the Jasper mine. Cameco's share of production was 27,032 ounces during the year. In 1989 the nearby Star Lake mine was in its final phase of operation. Cameco's share of production was only 5,067 ounces. The average gold price received during 1990 was $446.83 per ounce ($385.36 US).



Thomas J. Gorman
Vice-President, Finance and Chief Financial Officer

In 1990 $210 million or 66% of Cameco's revenues were sensitive to the US dollar and therefore were affected by fluctuating exchange rates. This risk is partially reduced by debt which is denominated in US dollars. In addition, the Corporation manages its foreign exchange risk by utilizing short-term forward contracts and options. A one cent weakening in the Canadian dollar compared to the US dollar would have improved 1990 revenues by $2.5 million. A one cent strengthening of the Canadian dollar would have reduced revenues by $2.5 million.

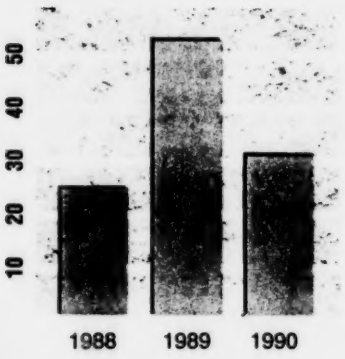
During the year Cameco took advantage of the low market prices by purchasing in the spot market to meet certain low-priced delivery commitments. The purchased material was in the form of U_3O_8 or UF_6. This strategy served to lower the full cost of supplying product and services on approximately 20% of the concentrate volumes delivered and somewhat less than 10% of the UF_6 volume. While spot market purchases had a positive impact on reported earnings and helped stabilize prices, they had a negative impact on cash flow as the value of these purchases exceeded cash production costs.

Management's Discussion And Analysis

Delivery Pattern

Typically 35 to 50% of annual concentrates sales are delivered in the last quarter of the year. Utilities have annual volume commitments under long-term contracts but often delay deliveries during the year to take advantage of discretionary purchases at lower prices in the spot market. In 1990 uranium concentrate revenues by quarter were 20%, 15%, 17%, and 48%. Consequently quarterly earnings in 1990 before the gain on sale were $1.4 million, $1.6 million, $4.7 million and $26.4 million. A similar pattern is expected in 1991.

Interest Expense
($ millions)



Cost of Products and Services Sold

The cash cost of products and services sold rose marginally in 1990 to $140.9 million, an increase of $1.0 million. The costs related to the 1990 spot market purchase program were essentially offset by lower expenditures at the Rabbit Lake mill.

Due to higher sales volumes in Fuel Services the total cost of services increased. Modifications to production scheduling in the Fuel Services Division resulted in the unit costs of both UF_6 and UO_2 remaining at or below 1989 levels.

Depreciation, Depletion, and Reclamation

Depreciation of property and equipment and depletion of deferred reserve values are calculated or a unit-of-production basis. In 1990 these costs increased to $72.3 million from $64.5 million in 1989 due to higher unit charges. Future decommissioning and reclamation work plans and projected costs are reviewed every two years and charged to operations over the life of the mineral reserves or facilities. To date a reclamation provision of $40.2 million has been accrued in recognition of these future decommissioning costs.

Interest Expense

In 1990 net interest expense was $30.4 million, a decrease of $22.4 million from the previous year due primarily to the significant reduction in the amount of debt. The debt repayment led to a realized gain on foreign exchange of $4.9 million which was netted against interest expense. A one cent weakening in the Canadian dollar compared to the US dollar would have increased interest expense by $3.3 million. A one cent strengthening would have decreased interest expense by a similar amount.

Other Income & Expense

The gain on sale of the one-third interest in the Rabbit Lake Operation amounted to $57.5 million. Asset writeoffs of $7.4 million were recorded, the majority of which pertained to the Corporation's gold properties.

Cash Flow from Operations

In spite of weak market conditions the Corporation generated enough cash before the asset sale to pay all operating costs, royalties and taxes, debt servicing charges and capital expenditures, and reduce debt.

Cash provided from operations in 1990 was $98.6 million, down from the $174.4 million recorded in 1989. The decline is due primarily to the timing of cash receipts, the impact of purchasing uranium in the market and to a lesser extent reduced margins. Cash production costs in 1990 of $141.1 million were down $14.1 million from 1989 reflecting the suspension of Rabbit

Lake mill operations since July 1989 and a reduction in Cameco's cost share for that operation. A 10% change in cash costs at the mines would have changed 1990 annual earnings by $1.1 million.

Capital expenditures of $38 million were funded in 1990, up $3.2 million from 1989. The main projects in the year were development expenditures at the Cigar Lake project and the Jasper mine. Interest was capitalized on active development projects, mainly Cigar Lake, Eagle Point, and the Jasper mine prior to its commercial operations. Also a $7.2-million addition to the office building was constructed on company-owned land in Saskatoon to consolidate into one location all operating, marketing and administrative staff, other than the Ontario-based Fuel Services operations.

Liquidity and Capital Resources

Working capital rose to $212.7 million in 1990, an increase of $65.3 million over the year earlier. A $31.4-million increase in accounts receivable is associated with higher December sales in 1990 than in 1989. Accounts receivable of $96.8 million at the end of 1990, while representing 30% of the year's sales, is made up solely of December 1990 business except for $14 million of product and services which was delivered prior to December.

▲ Cameco's 1990 financial position was enhanced by the $160-million sale of a one-third interest in the Rabbit Lake Operation (above) to Uranerz Exploration and Mining Limited.

A decline of $25.7 million in current liabilities also contributed to the increase in working capital, reflecting lower debt levels. In 1989 accrued liabilities included $9 million for the purchase of an increased interest in the properties which contain the Jasper mine.

Inventories, in particular broken ore, increased as Rabbit Lake's mining operation continued to build stockpiles while the mill was shut down. This strategy allows for employment continuity for a core

Management's Discussion And Analysis

workforce during a period of unfavorable market conditions. The spot market purchase program had an overall beneficial effect on the Corporation's earnings. However, by allowing delivery of purchased material the program precluded the further drawdown of concentrate inventories.

Capital Resources

After the reorganization in late 1988 Cameco's capital structure was highly leveraged. Debt reduction became the Corporation's primary financial objective. Strong operating cash flows in 1989, and to a lesser extent in 1990, coupled with the proceeds from the sale of an interest in the Rabbit Lake Operation led to a debt/equity ratio of .37 to 1.00 at the end of 1990 compared to .61 to 1.00 at the end of 1989.

In addition to significant operating cash flows the Corporation had an unused line of credit with a banking syndicate of $67 million at December 31, 1990. This would provide short-term borrowings at preferred commercial rates.

In August 1990 the Corporation raised $16.8 million through a gold loan of 36,000 ounces from the Bank of Canada. An additional 15,000 ounces were borrowed in October but, due to low market prices, were repaid early in 1991. This facility funded development expenditures at the Jasper mine.

Commitments

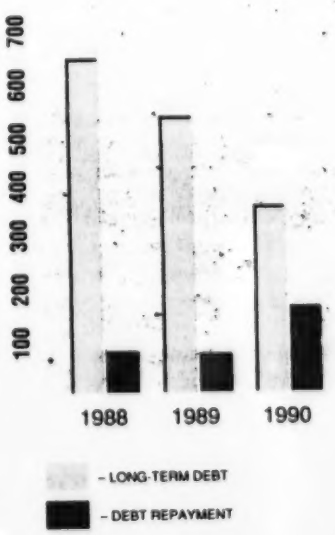
Aside from normal exploration, operating and development plans, and those commitments outlined in note 12 to the financial statements, the Corporation had no material commitments at the end of 1990.

Outlook

For the year ahead uranium consumption in the Western World is expected to surpass production for the sixth consecutive year. This will continue the drawdown of excess inventories. However, large quantities of uranium inventory are still available to enter the market from utility, producer and government stockpiles. In addition many utilities have become less concerned with security of supply and consequently have reduced inventory levels. Aggressive marketing by the USSR is expected to continue. Reflecting these factors, future spot prices are expected to be volatile while trending upward. Favorable movements are cautiously anticipated in the Canada/US exchange rate and in interest rates.

The Corporation has sales commitments in 1991 of 11.9 million pounds U_3O_8. Certain customers have the option to reduce or defer some 1991 deliveries. Cameco estimates that the maximum impact on 1991 deliveries of such options would be less than 10%.

Long-Term Debt
at Year End ($ millions)



Cost increases in 1991 at most operations are expected to be within 5% of 1990 levels. At Rabbit Lake, the Collins Bay B-Zone pit will be mined out in the first quarter, followed by decommissioning and reclamation work. This latter activity, estimated at $2 million, will be charged to the balance sheet provision. Also, this will allow operating flexibility through the transfer of equipment to the Key Lake mine. Depending upon market conditions, it is anticipated that Rabbit Lake mill operations will resume late in the year and incur one-time start-up costs of $1 million to $2 million.

The Corporation's financial position during 1991 is expected to see a further increase in working capital and ongoing paydown of short- and long-term debt. The mining plan at the Key Lake mine anticipates further accumulation of broken ore inventory. Overall, the Corporation's capital resources will be sufficient to sustain normal operations in 1991.

As a fully integrated resource development company Cameco will continue to invest in and manage its resource base with regard for market conditions. In 1991 development work will continue at the Cigar Lake test mine. The Corporation anticipates the Eagle Point development project will proceed with site preparation and construction of the decline to the underground test mine. During the year a production decision is expected at the Contact Lake gold development project.

Report Of Management's Accountability

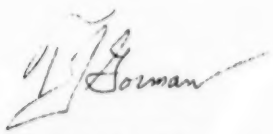
The accompanying consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles on a basis consistent with that of the preceding year.

Management is responsible for ensuring that these statements, which include amounts based upon estimates and judgment, are consistent with other information and operating data contained in the Annual Report and reflect the Corporation's business transactions and financial position.

The integrity and reliability of Cameco's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and appropriate delegation of authority and division of responsibilities. Internal accounting controls are monitored by the internal auditor. Cameco's Code of Business Conduct Policy, which is communicated to all levels in the organization, requires employees to maintain high standards in their conduct of the Corporation's affairs.

Our independent auditors, Peat Marwick Thorne, whose report on their examination of the consolidated financial statements follows, also review our systems of internal accounting control in accordance with generally accepted auditing standards for the purpose of expressing their opinion on the consolidated financial statements.

The Board of Directors annually appoints an Audit Committee comprised of directors who are not employees of the Corporation. This committee meets regularly with management, the internal auditor and the shareholders' auditors to review significant accounting, reporting and internal control matters. Both the internal and shareholders' auditors have unrestricted access to the Audit Committee. Following its review of the financial statements and the report of the shareholders' auditors, the Audit Committee submits its report to the Board of Directors for formal approval of the financial statements.



Thomas J. Gorman
Vice-President, Finance
and Chief Financial Officer

Auditors' Report

To the Shareholders of Cameco Corporation:

We have audited the statement of consolidated financial position of Cameco Corporation as at December 31, 1990 and the statements of consolidated earnings and retained earnings and changes in consolidated cash resources for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles.

Peat Marwick Thorne

Chartered Accountants
Saskatoon, Canada
January 21, 1991

Statement of Consolidated Earnings and Retained Earnings

For the year ended December 31	1990	1989
	(Thousands of dollars)	
Revenue		
Sales of products and services [Note 8]	$315,575	$319,488
Expenses		
Cost of products and services sold	140,905	139,938
Depreciation, depletion and reclamation	72,323	64,469
Administration	13,209	14,386
Exploration	11,124	13,916
Research and development	2,043	3,073
Total operating expenses	239,604	235,782
Earnings from operations	**75,971**	**83,706**
Interest expense	30,420	52,813
Other (income) expense [Note 9]	(48,532)	6,114
Earnings before taxes	94,083	24,779
Income taxes [Note 10]	2,462	1,260
Net earnings	**91,621**	**23,519**
Retained earnings at beginning of year	42,605	66,086
Stock dividend [Note 6]	--	(47,000)
Retained earnings at end of year	**$134,226**	**$42,605**

See accompanying notes to Consolidated Financial Statements.

Statement of Changes in Consolidated Cash Resources

For the year ended December 31	1990	1989
	(Thousands of dollars)	
Cash provided by (required for):		
Operating activities		
Cash received from:		
Sales	$281,978	$370,267
Cash applied to:		
Products and services	(141,133)	(155,272)
Exploration	(10,536)	(15,182)
Administration, R&D and other	(31,756)	(25,372)
	(183,425)	(195,826)
Cash provided from operations	**98,553**	**174,441**
Investing activities		
Additions to property, plant and equipment	(38,041)	(34,804)
Proceeds on sale of property, plant and equipment	158,292	1,104
Cash provided from (required for) investing	**120,251**	**(33,700)**
Financing activities		
Repayment of long-term debt	(174,807)	(95,420)
Interest on long-term debt	(45,105)	(48,844)
Realized foreign exchange gains	4,940	2,656
Cash required for financing	**(214,972)**	**(141,608)**
Increase (decrease) in cash during the year	3,832	(867)
Cash at beginning of year	(10,292)	(9,425)
Cash at end of year	**($6,460)**	**($10,292)**

See accompanying notes to Consolidated Financial Statements.

Statement of Consolidated Financial Position

As at December 31	1990	1989
	(Thousands of dollars)	
Current assets		
Accounts receivable	$96,764	$65,387
Inventories [Note 3]	151,067	140,930
Supplies and prepaid expenses	16,492	18,404
	264,323	224,721
Current liabilities		
Bank loans and short-term debt	6,460	10,292
Accounts payable and accrued liabilities	38,362	51,421
Current portion of long-term debt	6,803	15,622
	51,625	77,335
Working capital	**212,698**	**147,386**
Non-current assets		
Property, plant and equipment [Note 4]	1,076,047	1,227,989
Inventories [Note 3]	78,822	63,608
	1,154,869	1,291,597
Capital employed	**1,367,567**	**1,438,983**
Represented by:		
Non-current liabilities		
Long-term debt [Note 5]	340,957	500,000
Deferred foreign exchange gain	8,445	15,389
	349,402	515,389
Provision for reclamation	40,193	37,243
Shareholders' equity		
Share capital [Note 6]	347,001	347,001
Contributed surplus [Note 7]	496,745	496,745
Retained earnings, per accompanying statement	134,226	42,605
	977,972	886,351
Total financing of capital	**$1,367,567**	**$1,438,983**

See accompanying notes to Consolidated Financial Statements.

Approved by the Board of Directors

W. A. Fatimey

E. V. Bonnalie

Notes to Consolidated Financial Statements

December 31, 1990

1. **Cameco Corporation ("the Corporation")**
(Formerly Cameco - A Canadian Mining & Energy Corporation)
Cameco is incorporated under the Canada Business Corporations Act. The Corporation is primarily engaged in the development of uranium producing properties and in the mining, refining and conversion of uranium for sale as fuel for generating electricity in nuclear power reactors in Canada and other countries. The Corporation's common shares are held 61.5% by the Government of Saskatchewan through Saskatchewan Mining Development Corporation and 38.5% by the Government of Canada through Canada Eldor Inc.

2. **Accounting Policies**
A Summary of Significant Accounting Policies of the Corporation follows.

3. **Inventories**

As at December 31	1990	1989
	(Thousands of dollars)	
Uranium concentrates	$105,145	$106,521
Broken ore	88,002	69,804
Customer conversion	24,085	26,896
Specialty metals	1,563	1,317
Gold bullion	11,094	--
Total inventories	229,889	204,538
Less: Non-current inventories	78,822	63,608
Net	**$151,067**	**$140,930**

4. **Property, Plant and Equipment**

As at December 31	1990	1989
	(Thousands of dollars)	
Mining	$1,098,291	$1,201,901
Fuel services	190,750	192,116
Development and other	211,195	193,115
Total property, plant and equipment	1,500,236	1,587,132
Less: Accumulated depreciation and depletion	424,189	359,143
Net	**$1,076,047**	**$1,227,989**
Interest capitalized during the year	4,631	7,948

5. Long-Term Debt

As at December 31	1990	1989
	(Thousands of dollars)	
Bank loans:		
Due December 31, 1995, floating rate notes based on US LIBOR rate plus .1763% to .4375% (US $280 million)	$324,774	$515,622
Gold bullion loans:		
Revolving loan facility, 1.40% to 2.85% calculated on the average value of the gold bullion borrowed (50,683 oz), guaranteed by a letter of credit	22,986	--
	347,760	515,622
Less: Current portion	6,803	15,622
Net	**$340,957**	**$500,000**

6. Share Capital

Authorized share capital:
- Unlimited number of First Preferred Shares
- Unlimited number of Second Preferred Shares
- Unlimited number of voting Common Shares
- One Class B Share, and
- Unlimited number of Class C Special Shares

(a) Common Shares

	1990		1989	
	(Dollars only in thousands)			
	Number Issued	Assigned Value	Number Issued	Assigned Value
Beginning of year	10,383,587	$347,001	10,001,000	$722,841
Reduction during year	--	--	--	(422,840)
Issued during year	--	--	382,587	47,000
End of year	**10,383,587**	**$347,001**	**10,383,587**	**$347,001**

(i) During 1989 the shareholders approved the reduction of the stated capital of the Corporation to $300,001,000. The amount of the reduction was added to contributed surplus.

(ii) A common stock dividend of $47,000,000 was declared and paid in 1989 by issuing 382,587 additional common shares.

(b) Class B Share

One Class B share issued during 1988 and assigned $1 of share capital, entitles the shareholder to vote separately as a class in respect of any proposal to locate the Head Office of the Corporation to a place not in the Province of Saskatchewan.

7. Contributed Surplus

As at December 31	1990	1989
	(Thousands of dollars)	
Beginning of year	$496,745	$73,905
Share capital reduction (Note 6a)	--	422,840
End of year	**$496,745**	**$496,745**

During 1988, the shareholders ratified a transfer of $99,011,000 from contributed surplus to retained earnings to eliminate the deficit.

8. Sales of Products and Services

Year ended December 31	1990	1989
	(Thousands of dollars)	
Export sales	$249,144	$273,761
Domestic sales	66,431	45,727
Total	**$315,575**	**$319,488**

9. Other (Income) Expense

Year ended December 31	1990	1989
	(Thousands of dollars)	
Gain on sale of the Rabbit Lake assets	$(57,515)	--
Write-off of property, plant and equipment	7,445	$2,029
Miscellaneous expense	1,538	4,085
Total	**$(48,532)**	**$6,114**

During 1990 the Corporation sold a one-third undivided interest in the Rabbit Lake mining and milling assets for gross proceeds of $160,000,000. Concurrent with the sale, the Corporation and the purchaser entered into a joint venture agreement whereby the Corporation became the operator and manager of the entire Rabbit Lake operation.

10. Income Taxes

Income taxes are different than the amount computed by applying the combined expected federal and provincial income tax rate of 43.7% to earnings before taxes. The reasons for these differences are as follows:

Year ended December 31	1990	1989
	(Thousands of dollars)	
Computed income tax expense	$41,113	$10,820
Increase (decrease) in taxes resulting from:		
Provincial royalties and other taxes	5,234	5,977
Federal resource allowance	(10,276)	(16,556)
Earned depletion allowance	(3,035)	--
Large corporations tax	2,462	1,260
Other	(408)	(241)
Net income tax expense	35,090	1,260
Less: Realization of additional tax values	32,628	--
Net	**$2,462**	**$1,260**

The tax basis of the Corporation's property, plant and equipment exceeds the recorded carrying values by approximately $550 million at December 31, 1990. The benefits from these additional tax values may be recognized as a reduction of future provisions for income taxes. The large corporations tax may be carried forward to be deducted against the federal surtax of future years.

11. Joint Ventures and Partnership

The Corporation has interests in the following significant joint ventures and partnership:

	Operator	Corporation's Interest Ownership (%)	Voting (%)
Uranium:			
Producing:			
Key Lake	Cameco	66.67	66.67
Rabbit Lake	Cameco	66.67	66.67
Cluff Mining Partnership	Amok Ltd.	20.00	20.00
Non-producing:			
Cigar Lake	Cigar Lake Mining Corp.	48.75	50.75
Eagle Point	Cameco	66.67	66.67
McArthur River	Cameco	43.99	43.99
Gold:			
Producing:			
Jasper	Cameco	80.00	80.00

Other Corporate interests in joint ventures range from 10.00% to 90.00%.

12. Commitments and Contingencies

(a) Under the terms of the agreement to transfer assets from Canada Eldor Inc. to the Corporation, Canada Eldor Inc. and the Corporation along with the Government of Canada, agreed on a formula for sharing any future joint costs, excluding normal operating costs, related to certain specified existing wastes accumulated by Canada Eldor Inc. to October 1, 1988, the date of transfer of assets. The Corporation assumed liability for the first $2 million of joint costs and 23/98ths of the next $98 million. The Government of Canada and Canada Eldor Inc. assumed liability for joint costs in excess of $100 million.

(b) To reduce its dependency on oil-generated electricity, the Corporation has entered into a 10-year commitment, with certain qualifications, to buy a minimum of 50 gigawatts hydro-electric power per year at a price which approximates its current cost of oil-generated electricity.

13. Cameco Share Savings Plan ("the Plan")

On December 31, 1990 the Corporation issued $23.5 million of 10 year, 11% exchangeable bonds to subscribing employees. Beginning in 1994, at the option of the employees, the bonds may be exchanged at a maximum price of $60 for publicly traded shares of the Corporation or for cash values as defined in the Plan.

Under terms of the Plan the Corporation agreed to provide financing to employees to purchase the bonds, and agreed to partially match the employees' repayment of the

loans. The Corporation's estimated maximum commitment under this matched repayment program is as follows:

	(thousands of dollars)
1991	$638
1992	717
1993	797
1994	877
1995 and thereafter	6,933
Total	**$9,962**

As at December 31, 1990 the outstanding bonds and loans receivable are as follows:

	(thousands of dollars)
Cameco Share Savings Bonds	$23,529
Less: Loans receivable	23,529
Net	**$ --**

14. Comparative Figures

Certain of the 1989 financial statement balances presented for comparative purposes have been reclassified to conform to the current financial statement presentation.

Summary of Significant Accounting Policies

This summary of significant accounting policies is a description of the accounting methods and practices that have been used in the preparation of these consolidated financial statements and is presented to assist the reader in interpreting the statements contained herein.

Consolidation Principles

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries. Interests in joint ventures and partnership are accounted for by the proportionate consolidation method.

Inventories

Inventories of broken ore, uranium concentrates, refined and converted products, specialty metals and gold bullion are valued at the lower of cost and net realizable value. Cost for customer-owned conversion inventories is the cost of the refining and conversion processes.

Supplies

Supplies are valued at the lower of cost or market.

Gold Bullion Loans

Gold bullion loans are carried at values based on the market price prevailing at the balance sheet date. Except for gold bullion loans that are hedged against future gold production, gains or losses arising on valuation of the gold bullion loans are included in earnings on the repayment date.

Property, Plant and Equipment

Assets are carried at cost. Costs of additions and improvements are capitalized. When assets are retired or sold, the resulting gains or losses are reflected in current earnings. Maintenance and repair expenditures are charged to cost of production.

Non-Producing Properties

The decision to develop a mine property within a project area is based

on an assessment of the commercial viability of the property, the availability of financing and the existence of markets for the product. Once the decision to proceed to development is made, development and other expenditures relating to the project area will be deferred and carried at cost with the intention that these will be depleted by charges against earnings from future mining operations. No depreciation or depletion will be charged against the property until commercial production commences. After a mine property has been brought into commercial production, any additional work on that property will be expensed as incurred, except for large development programs which will be deferred and depleted over the remaining reserves.

Deferred development costs are periodically assessed by management and if management determines that costs cannot be recovered or the property is abandoned, the amounts are written off against current earnings.

Capitalization of Interest

Interest is capitalized on expenditures related to construction or development projects actively being prepared for their intended use. Capitalization is discontinued when the asset enters commercial operation or development ceases.

Depreciation and Depletion

Fuel services assets, mine buildings, equipment, and mineral properties are depreciated or depleted according to the unit-of-production method. This method allocates the costs of these assets to each accounting period. For fuel services, the amount of depreciation is measured by the portion of the facilities' total estimated lifetime production that is produced in that period. For mining, the amount of depreciation or depletion is measured by the portion of the mines' total recoverable ore reserves that are recovered during the period. Other assets are depreciated according to the straight line method based on estimated useful lives which range from three to 10 years.

Research and Development and Exploration Costs

Expenditures for applied research and technology related to the products and processes of the Corporation and expenditures for geological exploration programs are charged against earnings as incurred.

Provision for Reclamation

The estimated costs for decommissioning and reclaiming producing resource properties are accrued and charged to operations according to the unit-of-production method. Actual costs of decommissioning and reclamation are deducted against this accrual.

Sales of Products and Services

In accordance with normal industry practices, the Corporation contracts for future delivery of mine concentrates and conversion services. Sales revenue is recorded in the period that title passes or, with customer-owned material, when delivery is effected.

Amortization of Financing Costs

Debt discounts and issue expenses associated with long-term financing are deferred and amortized over the term of the issues to which they relate.

Foreign Currency Translation

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end rate. Revenue and expense transactions denominated in foreign currencies are translated at rates in effect at the time of the transaction.

Except for long-term debt that is hedged against committed future revenue, foreign currency gains or losses arising on translation of long-term debt are deferred and amortized over the remaining term of the debt. Foreign currency gains or losses realized upon repayment of long-term debt are included in interest expense.

Reserve Definitions And Abbreviations

Mineable Reserves:

Reserves that are either proven or probable, are physically mineable, and can be profitably recovered under conditions specified at the time of the appraisal. This includes operating mines and properties at the development or pre-development stage, based on a feasibility study. These reserves include material in place and on stockpiles, with allowances for mining recovery and dilution.

Geological Reserves:

Reserves that are either proven or probable, for which a feasibility study has not yet been completed. These reserves do not include allowances for mining recovery nor for dilution.

Proven:

Reserves for which tonnage is estimated from dimensions revealed in outcrops, trenches, mine workings or drill holes, and for which the grade is estimated from adequate sampling. The sites for inspection, sampling and measurement are so closely spaced and the geological character is so well defined, that the size, shape and mineral content are well established. The approximate margin of error is not greater than 20%.

Probable:

Reserves for which tonnage and grade are estimated partly from specific measurements, samples or production data and partly from projection for a reasonable distance on geological evidence. The openings or exposures available for inspection, measurement and sampling are too widely or inappropriately spaced to outline the quantities completely or to establish the grade throughout.

Abbreviations used in this report:

Au	= gold
BCM	= bank cubic metre
cm	= centimetre
CRISLA	= Chemical Reaction by Isotope Selective Laser Activation
Cu	= copper
g	= gram
km	= kilometre
oz	= ounce (all ounces are troy ounces)
lb	= pound
t	= tonne (metric ton)
T	= ton (short ton)
U	= uranium
UO_2	= uranium dioxide
UO_3	= uranium trioxide
U_3O_8	= triuranium octoxide (a common form is yellowcake)
UF_6	= uranium hexafluoride
Zn	= zinc

Weights and measures are indicated in the unit most commonly used in specific areas of the industry. These are noted with * and conversion factors are provided below.

Take This:	Do This:	To Obtain This:
*cm	÷ 2.54	= inch
*km	÷ 1.6093	= mile
*oz	x 31.1035	= g
t	x 1.102	= T
*T	x 0.9072	= t
*oz/T	x 34.286	= g/t
*lb U_3O_8	÷ 2599.8	= tU
tU	x 2599.8	= lbsU_3O_8
*% U_3O_8	÷ 1.17924	= %U